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SPEAKER: THE HONOURABLE GERALD RYAN OTTENHEIMER

The House met at 10:00 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: (Dr. Collins) Order, please!

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Minister of Health.

MR. H. COLLINS: Mr. Speaker, I have a statement concerning the Province's intentions concerning the swine influenza which has been established in North America. I will not read all of the statement. But it has been agreed that the Province will get involved in a vaccination programme. To save the time of the House I have enough copies for everybody to see exactly what we are doing, and I will be releasing it to the press of course after the House has had a chance to read it.

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. CROSBIE: Mr. Speaker, on a point of personal privilege first. This is today's Daily News, page 3. The heading of the story is, "Strachan Says Fishermen Given Blank Affidavits". Then it quotes the member for LaPoile (Mr. Neary).

"Steve Neary, Independent Liberal, LaPoile says Mines and Energy Minister John Crosbie should have been dismissed." Well that is an excellent idea. But he went on in the next paragraph - I am ready to be dismissed at any time. But the next paragraph of the paper says, "He said Mr. Crosbie had run Fisheries in a "sloppy" fashion and said the department at the time had the largest shortage of funds of any department." Now, Mr. Speaker, that statement should be corrected. There has been no shortage of funds in the Department of Fisheries.

MR. SMALLWOOD: Nobody said it. Only the paper says so. It was not said here in the House.

MR. CROSBIE: Well that is what I am drawing attention to. Yes, exactly. I want The Daily News to change that. There has not been any shortage of funds large or small in the Department of Fisheries or any other department that I know of. So that The Daily News should correct that or the media should note it.

MR. SMALLWOOD: Not only has there been a shortage, it has not been said there was.

MR. CROSBIE: Well, I was not here for all the discussions and I hope that it was not said.

MR. SMALLWOOD: The hon. gentleman should have been here. He would have loved it.

AN HON. MEMBER: You have the floor.

MR. CROSBIE: I carried on in a most statesman like fashion yesterday, Mr. Speaker, did not say a word. So anyway I would like The Daily News just to -

MR. ROBERTS: No wonder! You were not here.

MR. CROSBIE: And I have a statement then, Mr. Speaker. So I just bring that to the attention of the House.

MR. SPEAKER: Order, please!

I presume the hon. minister is not tabling the newspaper, is that correct? This was to catch the ear of the press gallery. Is my understanding of the minister correct?

MR. CROSBIE: That is not the only thing I would like to catch them by sometimes, Mr. Speaker, but that is the purpose of my submission.

Mr. Speaker, I would like to inform the House that the matter that was brought up here several days ago by the Leader of the Opposition, I want to set his mind at rest, that there is in the estimates of the Department of Transportation and Communications an amount of \$750,000 as the government's share towards the cost of work that will be done on the Prince Philip Parkway this year.

SOME HON. MEMBERS: Hear, hear!

MR. CROSBIE: Thank you, thank you. There has been, Mr. Speaker, a Committee of officials of the Department of Municipal Affairs and Housing and of the Department of Transportation and Communications which meets with the city engineer of the city of St. John's. The city has developed plans for improvements in the Prince Philip Parkway-Higgins Line area. What is contemplated this year - it will take at least three years to carry out the whole programme - but this year there will be approximately \$1 million spent. That is the estimate. And it would be work on the Parkway from the Avalon Mall

MR. CROSBIE:

or Kenmount Road intersection to Westerland Road, and the work would consist of twinning the parkway and continuing on the four lanes, two each way with an island down the middle, and work of that nature. So it is estimated that will cost \$1 million of which the Province is prepared to put in \$750,000 of.

Then in the next two years after that so long as we can obtain the funds, then the work would be continued to improve the Parkway right along its whole length. So that the money is there and as long as the city can come up with their \$250,000, the work will go ahead.

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

MR. ROBERTS: Thank you. With reference to the minister's statement, I think everybody in the House and for that matter everybody in the Province will welcome it. The Prince Philip Parkway running across the back of St. John's or what used to be the back of St. John's a few years ago - I guess it is now really midway in the city, which seems to have grown like an onion with layer after layer coming North from the harbour; that road is one of the busiest in the Province, and it is a road where I believe the government of the Province have a responsibility over and above and beyond the normal responsibilities that the Province has towards roads within municipal areas. The

MR. ROBERTS: government, as we have all said before, are doing the right thing to agree to pay a major part as it turns out, three-fourths of the cost of the work to be done this year. I am glad the work is to be done this year and I would hope that this will carry on without interruption. The work I believe will cost, the estimates now are \$3 million to \$4 million. The Minister of Municipal Affairs nods in a confirmatory way. Those are the estimates that are being talked of, so this means about a third to a fourth of the work will be done this year. It cannot stop there. It cannot stop with just this year's work because we still have the bottlenecks at either end, and the traffic on the Parkway can only get heavier and heavier and heavier, particularly when the new General Hospital opens within the next eight or nine or ten months, whenever it is to be, and that will bring 2,000 or 3,000 people a day, I understand, just driving in and out to work, not counting the people going in to visit patients or for that matter patients themselves including the emergency vehicles bringing in sick people. So the government are doing the right thing and I am glad it is in the estimates. I hope that the Council either know about this or will be told about it officially very, very quickly so that work can go ahead. At least the Council level have experienced some frustrations they feel in this matter, and I hope these have now been resolved by the statement by the minister as to the action the government are taking this year.

MR. COLLINS: The hon. member for St. John's North.

MR. J. CARTER: Mr. Speaker, if not by right then perhaps by leave if I could make a very brief comment upon this ministerial statement since it directly concerns my district.

MR. NEARY: Mr. Speaker, on a point of order, Your Honour, On a number of occasions, Sir, in this hon. House speaking for a large group of independent Liberals in this Province I was not permitted to make a statement on behalf of these people. The precedent is there, Your Honour, and I would submit that the hon.

MR. NEARY: member is completely out of order. He does not represent any group of people in this House, not even his constituents.

MR. J. CARTER: Mr. Speaker, to that point of order -

MR. SPEAKER: Point of order.

MR. J. CARTER: - I was asking to speak by leave,

MR. NEARY: No. No way.

MR. J. CARTER: - not respecting any special rule. If the leave is denied, I will not speak.

MR. NEARY: Sit down. No way.

MR. SPEAKER: Order, please! The hon. member does not have the leave of the House, the unanimous consent of the House, so this is not permitted by the rules.

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN:

MR. SPEAKER: The hon. Minister of Transportation and Communications.

MR. MORGAN: Mr. Speaker, in answer to question no. 414, placed on the Order Paper by the hon. member for Twillingate (Mr. Smallwood) asking for information regarding the subsidy paid to Eastern Provincial Airways by the Provincial Government, the reply to the question indicates that the Newfoundland Government pays no subsidy to EPA but we do pay a subsidy to the passengers who use EPA, who are flying back and forth from the Labrador part of the Province to the Island part of the Province and a number of family units using this service and using this subsidy in the fiscal year passed was 2,688 family units. This programme was administered by another department of government prior to April 1, 1975 and it referred the question on to that department for the information prior to that date.

MR. MURPHY: Labrador services.

MR. MORGAN: It was Labrador Services of Recreation and Rehabilitation.

MR. SMALLWOOD: Do I now have to approach that other department or does the minister?

MR. MORGAN: No, I will pass it on.

MR. SMALLWOOD: The minister passes it on.

MR. SPEAKER: Further answers to questions for which notice has been given.

MR. CROSBIE: A question on the Order Paper, No. 742, today's Order Paper, Mr. Speaker.

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. CROSBIE: The members of the Board of Directors of Labrador Linerboard Limited are the Minister of Mines and Energy, Chairman; the Minister of Finance; the Minister of Manpower and Industrial Relations; Mr. Howard Ingram, who is also the President of the company, and Mr. Robert Kraft of Boston, Massachusetts; the secretary to the Board of Directors, Mr. Jim Cochrane, who is a Special Assistant to myself, and that is not a paid position. I mean he gets paid but he is not -

MR. ROBERTS: A special assistant's position presumably is paid.

AN HON. MEMBER: He gets paid, you know.

MR. CROSBIE: Yes, a man does not work for nothing, but he does not get extra.

ORAL QUESTIONS

MR. SPEAKER (DR. COLLINS): The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to put a question to the gentleman who is answering for the Premier in this hon. House today, I presume it is the Minister of Intergovernmental Affairs, which is probably the proper minister to put the question to anyway. In view of the fact that the Economic Council of Canada has recommended the Government of Canada make available \$1 billion to create jobs for unemployed Canadians, will the minister indicate to the House what action the government of this Province will be taking on this suggestion? Will they be making representation to the Government of Canada either by letter, telegram or sending a delegation to Ottawa to endorse this excellent idea?

MR. SPEAKER (DR. COLLINS): The hon. Minister of Intergovernmental Affairs.

HON. J. CROSBIE: Mr. Speaker, the Economic Council of Canada is only adopting the suggestions that this government had made to the Government of Canada months ago -

MR. MURPHY: Hear, hear!

SOME HON. MEMBERS: Hear, hear!

MR. CROSBIE: - because we have been suggesting that now for at least four months. So we certainly anticipated the Economic Council of Canada. Unfortunately we are not getting any kind of a sympathetic response. In addition, the Province has been working on various job creation proposals and projects which are being put forward to other officials in the Government of Canada, and we are hoping to have a meeting with the Minister of Trade and Commerce, who is our representative in the Cabinet, as soon as that can be arranged. We have not been able to arrange one, he was away for a period of time, but we hope to arrange one soon in an effort to get some special programmes going for this Province. And there is no province in Canada has a better claim in some special job creation programme than the Province of Newfoundland and Labrador.

SOME HON. MEMBERS: Hear, hear!

MR. CROSBIE: However, we have not been able to get this accepted by the Government of Canada yet. The Minister of Finance at this very moment will be at the conference table in Ottawa with the Ministers of Finance asking for special assistance for the Province for job creation programmes. He made that plea at a Finance Ministers meeting approximately six weeks ago. That plea was rejected by the Federal Minister of Finance, Mr. MacDonald, who said that there would be no special programmes of the Government of Canada for any particular area of Canada in connection with high unemployment rates, that there were no special programmes that he knew of. So that we can only hope that the Government of Canada will have a change of mind. And I can assure hon. gentlemen in this House that we are doing everything possible to have the Government of Canada recognize its obligation to implement special programmes in the higher unemployment, higher cost of living areas of the country, of which we certainly rank among the leading ones, unfortunately.

So we will continue to work on that, and we will report to the hon. gentleman from time to time, if there is any progress.

MR. NEARY: Mr. Speaker, I am dissatisfied with the minister's answer, and I wish to debate it during the late show on Thursday coming.

MR. CROSBIE: Good.

MR. SPEAKER (DR. COLLINS): The hon. member for Twillingate.

MR. J. R. SMALLWOOD: Mr. Speaker, would the minister tell the House whether the Government of Canada over and above and beyond and apart from equalization and the LIP and the OY, all the various agencies that the House knows about, is the Government of Canada coming out with anything aimed at giving any kind or amount of special aid to provinces based on their greater need for aid, higher rate, higher incidents of unemployment and so on and so on? Is there anything now in the Government of Canada that the minister knows about, and I think I asked him as Minister of Intergovernmental Affairs, as the minister of this government who is closest in touch, most closely in touch with the Government of Canada, have they got any kind of programme based on special need over and above the conventional things

Mr. Smallwood:

that we all know about? Anything special?

MR. SPEAKER (DR. COLLINS): The hon. Minister of Intergovernmental Affairs.

MR. CROSBIE: Mr. Speaker, no. The answer to that question is certainly, as far as I am aware, the answer is, no. The only programmes that are in effect are the tax equalization and the other programmes that the hon. gentleman knows about. Not only that, Mr. Speaker, but the worry is that the Government of Canada is going to cut back on the programmes they now have, because one of the matters that the Government of Canada have put forward at the present Ministers of Finance conference is their suggestion that they are going to withdraw the revenue guarantee, which the hon. gentleman will remember was instituted by them when they changed the Income Tax Act in 1971. Their changes in the Income Tax Act were likely to result in a loss of revenue to the provinces as a result of those changes in the Act, and they gave all of the provinces a guarantee that they will guarantee them against any loss in the revenue they would have gotten had the Act not been changed.

Now I think this Province last year got, I think the figure is something like \$20 million under that revenue guarantee. They are now proposing the revenue guarantee is going to be dropped. They are

MR. CROSBIE:

now proposing what appears to be more stringent changes in the equalization formula that could well result in less equalization rather than in more. The federal government says that equalization has been increasing at too rapid a rate. They want to change the formula. That is being discussed now. So there are danger signs that we may be worse off even in those programmes that are already in effect unless the provincial governments of Canada can persuade them out of that position. So there are not any special programmes being suggested other than the ones the hon. gentleman knows about.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, again on the same subject, a supplementary on the same subject. In cutting down the scheme of equalization payments are the government of Canada cutting it down straight across the board regardless of the relative position of one province versus another, or are they reducing equalization not equally? Are they or are they not equalizing the reduction in equalization? Or are they taking into account the special circumstances of one province versus another?

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. CROSBIE: Mr. Speaker, we cannot say yet because what they are proposing is a change in the formula, or what is being discussed is a change in the way you calculate equalization. The present way, I think, there are twenty-one different revenue sources included in the formula and it is quite complicated of course as to how you calculate the amount of equalization to be paid each province. They are suggesting changes in that formula to some other formula which they hope will be simpler and which will result in less rapid increases in equalization. I do not think they are suggesting that they would cut. I do not think that the amount of equalization will be cut back but the increase will be severely cut back, because the amount of equalization paid each year has gone up tremendously, as the hon. gentleman knows, in the last few years.

MR. CROSBIE:

But they have made no concrete proposals yet. I am sure they are yesterday and today at Ottawa but we have not got the details of that yet. So it is all being discussed now and I think there will be a First Ministers meeting and other Finance Ministers' meetings before there is anything concluded.

MR. SPEAKER: The hon. member for Burin-Placentia West.

MR. CANNING: Mr. Speaker, I would like to direct a question to the hon. Minister of Industrial and Economic Development. My question, Mr. Speaker, arises out of what appears to have been a very serious industrial accident at the shipyard in Marystown. It appears to be at the moment that it will have a serious impact on that industry in the area, and furthermore it appears in some areas of the fishery, particularly the firm of John Penny and Sons, that it will have a serious impact on that plant and the area. I would ask the minister if he could - I am aware that the minister may not have too much information, detailed information on the accident - but I would ask the minister if he can give the House as much information as he has at the moment as to the extent of the damage and the cost, and if the management of the shipyard has given him any idea of the figures, say the length of time or the extent of the damage at this moment.

MR. SPEAKER: The hon. Minister of Industrial and Rural Development.

MR. LUNDRIGAN: Mr. Speaker, that is certainly a very important question from the hon. member. It is very difficult at the present moment for me to give any specifics on the cost factor. Yes, I agree, I say the question is a very important question for the hon. member. He asked me could I give some details. I am trying to tell him that it is very difficult at the moment to give a cost estimate of the damage involved, or for that matter what time it will take once the damage is assessed to be able to determine the replacement or the repair or the reconstruction of any damaged capability that is in place in Marystown.

I would rather not go into any detail unless we are absolutely

MR. LINDPIGAN:

sure of our facts. Every single thing that could be done is being done right now to assess, first of all, the extent of the damage. We have people, for example, from federal public works who have an underwater x-ray unit - I am not sure if it is an x-ray unit, but it does enable people above the water level to video-view what the score is underneath. We do know there is substantial damage to the Synchro-lift that we can observe visually. We will know later today, we hope, what the score is underneath in terms of the damage done to the Synchro-lift.

The boat in question has been salvaged to the extent that the boat did not sink, and the kinds of quick repairs were made to prevent the boat from sinking, but there is a structural damage that we are aware of. Perhaps in making that comment I could pay tribute to the work force. Mr. Barclay,

MR. LUNDRIGAN: the new manager, has made the observation that he could not hardly believe the capability and the terms of the way the work force responded, the alert responsiveness of the work force to salvage the boat. Initially it was expected or thought and feared that the boat would have sunk which would have resulted in a much more extensive setback for that particular company, of course, and for the yard itself, and the work force went way beyond the call of duty, and I would like that to be made known to the House, way beyond the call of duty and Mr. Barclay himself says that he really has never seen a work force respond to a situation as dramatically as the work force in Marystown and he has been associated with similar incidents and shipyards all his lifetime. I think that should be on the record.

There is no doubt in our minds that the damage to the synchro-lift is extensive.

MR. ROBERTS: Is there a warranty or any insurance?

MR. LUNDRIGAN: That is a good question. There is insurance on the vessel and on the equipment in question, that is the equipment capability that is there. Insurance companies have been alerted to the problem. These people will be immediately assessing the damages and what needs to be done. The government are taking all necessary action through the shipyard - and not as a government, we are not moving in any force as a government - but the shipyard people with their management capability are doing everything professionally that can be done.

The problem that we will encounter in terms of the work force is not one that relates to the construction going on in the yard itself. I want to make that point clear. For my own information, again I have not seen it, I had planned to go to Marystown today when the House rises at one o'clock, but the fog does not look very encouraging.

MR. CANNING: I will get down there today.

MR. LUNDRIGAN: That is okay. Well the hon. member can give me a report. He should be able to give me a report without having to go down. He does not have to wait to see it to give me a full report. He is obviously a very knowledgeable man in that particular area, or he should be.

In any event, finishing off my remarks, Your Honour, the damage will not effect the ongoing work in the yard, as I have been advised, and I hope I do not have to modify that statement. What it will do is it will effect our ability to receive boats for repair and maintenance, and that means that it will have an effect in the short haul, but I do not anticipate that it will have an effect in the long haul.

MR. CANNING: Mr. Speaker, can the minister tell us the number of boats which are now on the dock that I understand the doors to the dock are gone, are blocked.

MR. LUNDRIGAN: I cannot understand the hon. member.

MR. CANNING: We know well that the door to the dockyard you cannot get up, a boat cannot get up or cannot get down. Could the minister tell me the number of boats and the type of boat that would be on the dock now which apparently will not get down for some time?

MR. LUNDRIGAN: Mr. Speaker, I will undertake to give the hon. member that specific information if he needs it at any given moment. What he is really suggesting is that we have lost our capability to clear the yard, to launch boats, boats that need to be launched because they are required and they are finished, and also it does maybe present the problem of impeding our ability to develop new capability or new construction in the yard because of the congestion. That is a very important question and the hon. member can rest assured that everything is being done to make sure that whatever we can do in the yard in the future in terms of new work will be done. I want to say this as well, and I respect the hon. member's question, keeping them pretty professional and with the best interest of Marystown

MR. LUNDRIGAN: in mind, that we do not want to create the impression that Marystown has been knocked out of commission, Marystown is not knocked out of commission in terms of her ability to construct. It is a bad accident, there is no denying that. It could have been much worse. It could have been a real tragedy in terms of loss of life had it happened just minutes earlier. There were two people injured and I hope that it is not serious. I believe the captain sustained some fractures or broken limbs, a broken shoulder bone I believe, and the chief engineer was injured as well, but we are pleased and very happy that there was not a tragedy involved.

But everything that can be done, bearing in mind that it was an accident and there is not much we can do about that, my main concern is that we emphasize the positive that we will take whatever immediate action is required as urgently as we can as a yard and as a government to make sure that we do not lose any more than we will lose. It is not a positive thing for Marystown, but I hope that Murphy's Law will discontinue to exist after this particular incident.

MR. SPEAKER (DR. COLLINS): A supplementary.

MR. SIMMONS: Mr. Speaker, I address the supplementary to the same minister. I am, of course, particularly interested in the disposition of the vessel itself, because it affects a fish plant capability in my own district, in Ramea. I wonder would the minister just indicate if he is aware at the moment, or if not would he undertake to determine whether the boat would still be functional for the purpose intended, and if so, which I hope, what kind of time period is involved to put the Penney Hope back into proper shape?

MR. SPEAKER (DR. COLLINS): The hon. Minister of Industrial and Rural Development.

MR. LUNDRIGAN: Mr. Speaker, I am a little reluctant to be able to say that because I have not been advised specifically on it, and there might be questions of insurance or some problem that might relate to conflict between the various groups, the insurance and the owners in terms of whether the vessel is in fact satisfactory and acceptable. I do understand that the vessel has been badly damaged not only in terms of the holes in the superstructure, but also in terms of the stern of the boat where she was hit pretty bad and it knocked out the prop and there are still leaks in that particular area.

So I do not think I am competent to make that comment but I will enquire and make sure that the hon. member is properly advised.

MR. SIMMONS: The minister is not suggesting that there is any possibility that boat will probably be written off though?

MR. LUNDRIGAN: They never made that suggestion.

MR. SIMMONS: No.

MR. LUNDRIGAN: But I certainly hope that is not the case.

MR. SPEAKER (DR. COLLINS): The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I have a question for the Minister of Justice.

MR. SMALLWOOD: Would the hon. member allow me to ask a supplementary?

MR. NEARY: A supplementary, yes sure.

MR. SPEAKER (DR. COLLINS): A supplementary. The hon. member for Twillingate.

MR. SMALLWOOD: Would the minister - the minister is, of course, aware, he must be aware that the synchro-lift was built by the Government of Canada, It was the Canadian Government's contribution to the great shipyard that the Newfoundland Government built, but the Canadian Federal contribution was the synchro-lift. I know that it is not because the Government of Canada contributed the synchro-lift in the first place that they are now therefore responsible for its replacement or repair. Has the minister given some thought or will he give some thought to approaching the Government of Canada and telling them that their synchro-lift has been damaged and there is an estimated cost of restoration. And then secondly, would he give the House the government's assurance, speaking in his place as the minister for the government - the government's assurance that there is no thought of slowing down that shipyard, she is going ahead as rapidly and as well as is physically and financially capable.

MR. SPEAKER (DR. COLLINS): The hon. Minister of Industrial and Rural Development.

MR. LUNDRIGAN: Mr. Speaker, first of all on the first part of the question, the synchro-lift was built during the administration of the hon. gentleman, starting off in 1966. The hon. gentleman will remember himself that in 1968, I believe it was, that the synchro-lift system was passed over to the Province or to the yard, so it really is the property of the yard at the present moment as a contribution of the - to use the word "infrastructure" - of the area by the Federal Government. We hope that the insurance can accommodate the second part of the hon. gentleman's question in terms of the replacement and getting the thing back in shape, the synchro-lift. And, thirdly, in terms of new work or work that can be attracted, I do not feel, and again I am speaking as the minister and not as the manager of the yard, that we should show down at all in terms of trying to attract work. As a matter of fact we have bid on several various specific contracts in recent weeks, one of them in South America, on nine shrimp boats, which I have already indicated to the House. They are not large boats, they are boats that we can build. I do not think there

Mr. Lundrigan:

will be any impediment at all in the yard for us being able to receive that contract should we be able to elicit it. We have had tremendous co-operation from the Export Development Corporation, from the hon. the member for the area, who is also the Minister of Industry, Trade and Commerce. We bid on other boats in other areas, and I hope that there is no possibility that the yard will lose work that we might be able to get because of that particular incident.

MR. SPEAKER (DR. COLLINS): The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to direct a question to the -

MR. SPEAKER (DR. COLLINS): I am sorry, a supplementary, the hon. member for Fogo.

CAPT. WINSOR: Mr. Speaker, a supplementary to the hon. the minister. Would he endeavour to find out where - there must be an area of responsibility now towards the ships that are on that dock and cannot get out. There will be a loss of earnings. Does the shipyard carry an insurance to that effect? Because if the yard is responsible for the lack of earnings on the ships that are there ready to go into water it may amount to a great sum of money.

MR. SPEAKER: The hon. Minister of Industrial and Rural Development.

MR. LUNDRIGAN: Mr. Speaker, I could not give any answer to what liability might exist on the part of the yard for delay in delivery or delay in delivery which might result in a fishing activity. I could not give an answer to that. It is an important question. My main concern, while answering that type of question, is while being aware of what problems might result as a result of the accident we want to concentrate all of our engeries as much as we can on trying to get the thing back in shape and to get whatever employment and whatever work it will attract for the yard in place.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: I would like to ask the Minister of Justice, Sir, if he would tell the House why the High Court was stymied yesterday for the second time I believe in a week in selecting a grand jury and why there is such a shortage of jurors on the list, potential jurors?

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, the Supreme Court was not stymied twice in a week with respect to getting a grand jury. The problem is one that has occurred before. Some years ago, back in, I think, 1971 or 1972 the Judicature Act was amended to make women eligible to serve on juries. But there is a provision in the act that any lady may upon receipt of a summons to appear or to serve on a jury, be it a grand jury or a petit jury, may claim exemption and she is automatically exempt.

MR. HICKMAN:

Last week, for this particular grand jury - and in the beginning hon. members will recall there were problems. On both January 15, 1973 and January 23, 1973 a full panel could not be sworn in for that reason and there was a further amendment to the act to increase the numbers of citizens who were eligible to be summoned for grand jury. The only other time - pardon?

MR. ROBERTS: There were other occasions.

MR. HICKMAN: I was going to come to that. The only other time that they have been unable since that time to have a full complement of people turn out in order to compose a grand jury was in October, 1974. In four instances all told, two in the January, 1973 which we attempted to clear by legislation, one in October 1974 and the other April 1, yesterday, 1976.

MR. MURPHY: Do they still send out the summons?

MR. HICKMAN: If the hon. gentleman will let me finish! Last week, in accordance with law, seventy-two summons were served on citizens of the St. John's area to serve on a grand jury. Now a grand jury is comprised of twenty-three citizens. Of the seventy-two served, twenty-three out of the seventy-two were - there may have been more females - but at least twenty-three females subsequently filed with the court their exemption. That reduced it to forty-nine. Nineteen could not be served. They had either left the city or they had moved address since the jury list was taken last year.

AN HON. MEMBER: How often is the list taken?

MR. HICKMAN: It is taken every year, Mr. Speaker, in accordance with the law, and in fact, again, if the hon. gentleman will recall, we amended the Judicature Act at the last sitting of the House so that the jury list could be taken very quickly each year. That reduced it to thirty. Then it was discovered that, I think, two or three were sick, and four of the persons summoned disclosed to the court that they were in a category that was exempt. They were civil servants.

MR. HICKMAN: Apparently when the Grand Jury list was taken the occupation had been given as clerk, but it was discovered when they appeared in court they were clerks all right, but they were also in the public service. That reduced it to below twenty-three, but I understand a new Grand Jury will be summoned next week.

All of this may be very academic, Mr. Speaker, because two years ago, hon. gentlemen will recall, when there was a major amendment to the Judicature Act restructuring the Supreme Court, there was provision in that Act abolishing the Grand Jury. All provinces except Nova Scotia have abolished the Grand Jury, but before that can be proclaimed and become law it is necessary that there be an amendment to the Criminal Code of Canada. My understanding is, and the advice that I have received from Ottawa sometime ago was that that amendment was in the works. It may very well have been in the bill that was assented to yesterday or the day before in the amendment to the Criminal Code of Canada. But there will be - again for the information of the House - the Grand Jury list is compiled each year under the direction of Chief Magistrate Hugh O'Neil. It is taken every year and it is taken by two senior members of the Newfoundland Constabulary.

MR. NEARY: A supplementary to the minister, Sir.

MR. SPEAKER: A supplementary.

MR. NEARY: Is the minister aware that Chief Justice Mifflin was strong in his condemnation yesterday of being unable to select a Grand Jury, and highly critical of the Minister's department? If the minister does not know, would he send for a transcript of Chief Justice Mifflin's remarks for this House, where he implied that the administration of justice in this Province was falling apart?

MR. HICKMAN: Mr. Speaker, far be it from me to comment on any comment that is made by any judge of Her Majesty's Courts.

MR. NEARY: Will you get the transcript?

MR. HICKMAN: I do not need the transcript at all. The Chief Justice expressed a great deal of irritation over the fact - not with the

MR. HICKMAN: administration of justice but that the laws that exist today allow for so many exemptions. You cannot fault the administration of justice when seventy-two citizens are summoned to do jury duty and you wind up with less than twenty-three.

MR. NEARY: Well will the minister get a transcript for me? I would like to have a look at it.

MR. HICKMAN: If the hon. gentleman wants a transcript he can go down to the court today -

MR. NEARY: No, I cannot go down. I certainly cannot.

MR. HICKMAN: The hon. gentleman can go down to the court - the law prescribes very clearly - pay ten cents a folio or fifteen cents a folio, ask the Clerk of the court -

MR. NEARY: I tried to get a transcript yesterday. I could not get it.

MR. HICKMAN: - as the Clerk of the court for a transcript of the comments of the learned Chief Justice -

MR. GOSBIE: And you will get it next year.

MR. HICKMAN: No, you will get it.

MR. NEARY: No, I want the minister to get it for me.

MR. HICKMAN: But these are the facts. Mr. Speaker, these are the facts. We could not -

MR. NEARY: Will the minister get me a copy of the transcript?

MR. HICKMAN: We could not empanel a Grand Jury yesterday. Seventy-two citizens from the St. John's area were summoned to do jury duty, to discharge their responsibilities as citizens, and we wound up with only thirty in the courtroom.

MR. NEARY: Would the minister get me a transcript?

MR. HICKMAN: No. If you want it go get it yourself.

MR. SPEAKER: This will be the last question of the Question Period.

The hon. the member for Trinity-Bay de Verde.

MR. F.B. ROWE: I am all day trying to get up. Now I am up I do not -

MR. ROBERTS: Now you are up you probably forgot the question.

MR. F.B. ROWE: No, I do not know which one to ask now.

MR. F.B. ROWE: Mr. Speaker, a question to the Minister of Municipal Affairs and Housing. I am sure he is aware of this system of double taxation that we have been talking about recently with respect to people having to pay a tax in a waste disposal area, and one in another incorporated area where they work. The minister indicated some time ago that he was planning to have his officials look at these regulations and I was wondering if the minister could indicate to the House if and when legislation would be brought into this House in order that people living in unincorporated areas— or waste disposal areas, and working in incorporated areas will not be subjected to double taxation?

MR. SPEAKER: The hon. the Minister of Municipal Affairs and Housing.

MR. PECKFORD: Mr. Speaker, as a result of representation last year by people in areas as related by the hon. member, I undertook to study the situation. After studying the situation I prepared the proper legislation which came to Cabinet and it is now at the Department of Justice being drafted. After it is drafted it will be given notice in the House and then we will have a full chance to discuss the legislation, the changes that we propose to try to eliminate the situation that the hon. member has just mentioned.

MR. F.B. ROWE: I thank the hon. minister.

MR. NEARY: Mr. Speaker, would the Minister of Mines and Energy, Sir, indicate to the House -

MR. SPEAKER: Order, please! Order, please!

The Question Period has terminated.

OPPORTS OF THE DAY:

MR. SPEAKER: Motion 4, the motion concerning the oil refinery at Come By Chance. The hon. Leader of the Opposition adjourned the debate last day.

The hon. Leader of the Opposition.

MR. ROBERTS: Thank you, Mr. Speaker. As Your Honour has just said I adjourned the debate two or three minutes after I began my remarks on Tuesday for what I expected, and I think most if not all members of the House expected would be a fairly brief discussion on the Interim Supply Bill. That was Tuesday afternoon and then we had Tuesday evening, Wednesday of course we dealt with Private Members motions. Then on Thursday, yesterday, we had the afternoon, we had the evening and finally we have cleaned up the Interim Supply. So here we are back to the Come By Chance thing.

Mr. Speaker, I would like to begin by saying a few words, if I might, with respect to the points made by the Minister of Mines and Energy about media coverage and the gentleman from Twillingate (Mr. Smallwood) - not in this debate, because of course he has not as yet spoken in this debate, but in another debate in the House - made essentially the same points. Both of them, Mr. Speaker - and indeed it is true, I guess, that politics make strange bedfellows because it is not often these two gentlemen agree on very much - both of them made essentially the same complaint, that the speeches of the House were not being covered adequately, which is another way of saying that their speeches were not being covered in a manner which in the opinion of these members was adequate.

Mr. Speaker, I do not challenge their right to their opinion but I would, with respect, differ. I, for one, think that the media coverage of the House of Assembly this year has been an improvement on previous years. And that may be an unorthodox view, but since it has been raised in this debate and since I believe it is relevant to this debate perhaps I might be allowed to say a word or two about it. It is true, it is incontestably true, that the media are giving infinitely less time in the case of the broadcast media or space in the case of the print media to what is said in this House. That is

MR. ROBERTS:

true. There used to be a time four or five or six years ago when you could pick up The Evening Telegram in the afternoon, Mr. Speaker, and it was like reading Hansard. Almost every word uttered in the chamber had been copied down by a reporter from The Evening Telegram and had been reproduced in the paper the next day. It was almost like reading Hansard. In fact, as I understand it, that is what The Telegram had in mind. There was no Hansard published in those days. It was compiled and it was taken down, the debates were recorded, the debates were transcribed. Miss Katherine Murphy, Kit Murphy, who has since retired, transcribed them, and maybe she had some stenographic assistance, but in any event the debates were transcribed. And I believe there are still in existence - and I hope there are - transcripts, typescripts of all those debates. But they were not published. Indeed I think it - the 1958 Hansard recently appeared, a mere eighteen years late. Then about 1970 or 1971 the publication of a daily Hansard was - not resumed - was begun and since then on a more or less regular basis we have had a daily Hansard.

But in any event in those halcyon days that the minister referred to, The Telegram did cover just about everything. And you could come into the House in the afternoon, Mr. Speaker, and many members did, just as we do today and read The Telegram, sit there during a speech, and while somebody was trying to heave it out of them, you would be reading what the paper had to say and you would read almost every word reproduced there. The same way essentially with the electronic media, CJON, CBC, VOXM, the three electronic media who regularly cover the proceedings of the House. Almost braathlessly VOXM would have a House report. CBC, I think, would have a House report and then in their major newscasts there would be quite extensive coverage. Well this year that is not happening.

Well, take last evening. I did not see all of the CJON newscast because as Your Honour is intimately aware, I am sure, it coincides with the CBC newscast. If you want to watch the CBC National News on the television and get some brief idea of what is happening across

MR. ROBERTS:

Canada, then you are forced to miss most of the CJOX news. You can only get the headlines. You get Mr. Lewis, Mr. Bob Lewis reading the headlines and then you switch over and there is whoever is reading the CBC National News from Toronto that afternoon. It is five o'clock in the afternoon there when they read it and you hear what is said, and then six or seven or eight or whatever it is minutes later the local news, usually Mr. Bob Cole, comes on and you get six or seven or eight or nine minutes before you get Jennifer, and Jennifer is

Mr. Roberts:

usually well worth the wait, her forecasts are interesting and it is very pleasant to see her back.

Mr. Speaker, the CBC news last night, as I recall it -

MR. MORGAN: Is this involved in the debate?

MR. ROBERTS: Yes, it is, Mr. Speaker. The Minister of Mines and Energy raised the matter and I am responding to it, and I would ask the gentleman from Bonavista South, Mr. Speaker, to confine himself to conduct within the rules. The rules make it quite clear that the member who is speaking has the right to speak without interruption. And the gentleman -

MR. MORGAN: If he would say something, we would all listen.

MR. SPEAKER (MR. YOUNG) Order, please!

MR. ROBERTS: Mr. Speaker, the gentleman from Bonavista South may not be aware of the rules, but I know Your Honour will remind him and I believe I have correctly enunciated the rules

Now the point that I was making is that the CBC news last night, I believe its coverage of the House was restricted to the coverage of , or a report of a statement made by the Minister of Mines and Energy, and it happened in response to a question which I had offered up to him, one of the nice easy ones that is put across the House from time to time, the statement he made or the answer he made to my question about events at Churchill Falls. And as far as I recall it, that was pretty well the total coverage of what happened. There might have been some reference to some of these statements made by the gentleman from LaPoile (Mr. Neary). I do not know what today's Telegram will have, today's News has not got much more, and I will wager the CJON news last night was essentially the same, the two major news services.

Now, Mr. Speaker, that is what is happening, and I think that is probably a good thing. I am not going to be one of these mealy-mouthed Uriah Heep pariahs who think we should be ashamed of this House. There are men who enunciate that, and I have no doubt they believe it, but I think they should be ashamed of themselves for holding that view. They should be trying to make the House better.

Mr. Roberts:

But anyway it is not for me to take the Uriah Heep attitude. But what I do think is happening, and what I think is right, is that the media at long last are bringing some considerable editorial judgment to bear on politics and on statements by politicians. The Minister of Justice is nodding acquiescence, and I take it for once that he and I are in agreement on a point or on a statement.

For many years in this Province, Mr. Speaker, you know, and it is the only part of Canada to my knowledge where this happens, almost anything a politician says is covered at length, particularly on the weekends, and anybody who wants to play this game can, particularly if you ring up and give the stations a little recording, the radio stations. You know, you will get much more coverage often than the statement merits. But I think - and this has happened in the last few months, and I think it is a very good thing all of the media - I am not sure if they have taken it as a group, I doubt if it is a collective decision, but they all seem to have come to the same decision, and a good one it is, to start judging statements by ministers or by members or by politicians on the merit of what is said in the statement. And that is what is happening to the House coverage and I think that is a very good thing indeed.

I believe our speeches in this House are much too long. I say that as I am about to make what may well be an hour or an hour and a half speech, but I think it is an important subject and I will be the lead speaker on this side and I will be by far the longest speaker on this side. Our speeches are far too long. Our procedures are too sloppy, our proceedings are too diffuse. Take the Interim Supply debate. All of this is in order. But the idea of spending - we have spent, what? I have not asked the Clerk, but eight or ten or twelve hours on a motion that was essentially procedural, saying things that could have been said and should have been said either in the Budget debate - I am not saying anything that came up should not have been said - I am not saying that. The gentleman from Twillingate (Mr. Smallwood) made a speech, an interesting speech, an excellent

Mr. Roberts:

speech, but one that should have been made on the Budget debate, which will be called, it must be called. The House cannot adjourn without the Budget having been put and debated. A marvelous speech. I do not agree with very much of it, but an interesting speech, a different point of view, but it should have been made on the Budget debate.

The gentleman from LaPoile (Mr. Neary) made a number of speeches, and made some statements, exposed some abuses. My friend from Conception Bay South (Mr. Nolan) exposed them far more effectively, in my view, but the fact remains that they came out. But those speeches could have been made on the estimates, and they should have been made. And the point is, of course, that the time on Interim Supply has been taken away from the already drastically reduced time available for all of supply consideration. But that is another story, and what is done is done and cannot be undone.

My point though, Mr. Speaker, is that we should look at ourselves, we should look at the proceedings in this House. We should look at the way in which we do business. We should look at the fact that we have now been sitting for forty or forty-one days in this House, we have not even got beyond the third speaker on the Throne Speech, - no I am sorry, the second speaker on the Address in Reply. The speech was moved and seconded to appoint the Committee, that was done on opening day.

MR. ROBERTS: Since then we have had a fairly lengthy speech from me, and we have had what appears to be an unending speech underway from the gentleman from Twillingate (Mr. Smallwood). We are debating a substantive motion now on the Come By Chance thing, and as the gentleman from LaPoile (Mr. Neary) has pointed out, we are doing it well after the fact. It is interesting but it is all academic. If we had any power, if the government had any ability to intervene in the Come By Chance situation, and if the House had any opinions to be expressed that were of any value in that purpose, they are of no value now. The creditors will meet on Monday. I will be there. The Liberal Party is a creditor of the Newfoundland Refining Company. I declare that as well because there might be a conflict of interest. I want everybody to know that I am obviously an interested party.

We are right up there, Mr. Speaker. The clerks and people have sent us the official notice, all the forms have been filled out. The creditors include Ataka with \$53,803,000 they are owed. They are unsecured. Then there are a number of other people who are unsecured. As a matter of fact, there are 166 who are unsecured according to the list which the receivers have put up. There is a firm in New York called Cotass-Larsen that is owed \$9 million; the Department of Forestry and Agriculture here in St. John's is owed \$22.95; the Credit Bureau of St. John's is owed \$7.00, and the Liberal Party of Newfoundland and Labrador are owed \$100.

MR. F. B. ROWE: They did pay the other parties.

MR. ROBERTS: Did they pay? I do not know. That \$100 is for the - there is nothing mysterious about it - it is for an advertisement in the Liberal Ball programme last year, and it has not been paid and I guess we will have to write it off. We are not a business. The Liberal Party, like the PC Party is not a business. We have no revenue against which we can offset losses for tax purposes. On the other hand, we are not liable for taxes.

MR. DOODY: You are not a preferred creditor.

MR. ROBERTS: No. The minister just reminds me we are not a preferred creditor and that is quite true. Neither is Mr. George McLean who is in for \$28,000, or a lot of other people who are in. We take our stand with all the other unsecured creditors, and I do not think that when the Financial Committee of the Liberal Party meets, I do not think we will expect to get very much back on that \$100. But I am going to go off to the creditors meeting representing the party, which is essentially a non-profit educational institution in the corporate world. The unsecured creditors total \$76, 757, 633. 33 - that is Newfoundland Refining - according to the statement put out by the Clarkson people who have been appointed receivers. And of that \$76, 757,000, as I have said, Sir, \$100 is owed to the Liberal Party of this Province.

We are in good company, Sir. I see that Yusuf Ben Ahmad Kanoo of Dubai in the United Arab Emirates, is owed \$31,000. The Waldorf-Astoria has a credit, apparently, of \$21.69. Some very fine law firms are here. I though I saw the Dewey Ballantine firm. Collier Shannon, there is no amount listed for them. That is a firm in Washington. The gentleman from Twillingate (Mr. Smallwood) referred to Mr. Robert Collier who I believe is the senior partner in that firm, the same gentleman. Curtis, Dawe and Fagan are down for \$32,000. They act, I believe, for the Shaheen companies. It is a quite interesting thing. There it is anyway. Then, of course, there is Provincial Refining but we are not owed anything there.

Mr. Speaker, the point I was making, and I think it is a very valid one, is that if the media coverage in this House is not what we expect it should be, we should take Shakespear's advice that the fault dear Brutus is not in the stars but in ourselves.

MR. F.B. ROWE: Hear, hear!

MR. HICKMAN: The hon. gentleman knows that in most parliaments there are a lot of conventions that are not rules at all.

MR. ROBERTS: Well, of course, in this House there were many conventions that are not rules, although conventions become rules, you know, they become precedents. Our whole finance procedure is nowhere spelled out, to my knowledge, not in Standing Orders or anywhere else. But there is a very - last evening the Committee rose at five to eleven, after an extensive debate, and then we gave the resolution three readings in the House, and we gave the bill three readings in the House. Nowhere is that spelled out in our Standing Orders or in our rules, but I would submit that is as established as if it were engraved in tablets of bronze on the main door of the building because of precedents have been established. We do not debate the supply bills except in Committee and I think if any members stood to debate it in the House he would be up against an insuperable barrier. But that may not be the point the minister was dealing with.

MR. HICKMAN: I am told that in the Province of Nova Scotia their Legislature by tradition opens forty days before Good Friday.

MR. ROBERTS: Forty days before Good Friday, that is pancake Tuesday, is it not? Or is it? I do not know.

MR. HICKMAN: Whenever it is.

MR. ROBERTS: Shrove Tuesday, that is pancake Tuesday for the Protestants, yes.

MR. HICKMAN: They open at a certain time purely by tradition, but also by tradition they finish the business of the House the day before the Good Friday.

MR. ROBERTS: Well I do not know if our sessions are too long. I mean the amount of business being considered is -

MR. HICKMAN: So obviously there must be a fair number of conventions as to length of debate without putting them in the rules.

MR. ROBERTS: Our proceedings are much too diffuse. I do not think they are suited to the modern age. There was a select committee a couple of years ago that tinkered but did not do the job that in

MR. ROBERTS: my view it should have done. It did restrict, you know, over our metaphorically speaking dead bodies the debate on the estimates. I would rather see us go at it a different way and set up a couple of committees, refer estimates to committees so that you can have a more, you know, a broader ranging discussion, perhaps have officials respond to questions, as it is done in Ottawa, and then have a number of Opposition days set down where the Opposition can raise matters in debate and then at the end of the day, as in Ottawa, at the end of the second day the vote is put. And I think we should also shorten our speeches. We have come down from the halcyon days when the Premier and the Leader of the Opposition could go on as long as voice would last, and in the case of some premiers or some opposition leaders that would be a very long time. We have come down out of ninety minutes which is still an immense amount of time. I am told in the United Kingdom Parliament in Westminster, Mr. Speaker, twenty minutes is a major speech.

The gentleman from Grand Falls (Mr. Lundrigan), reading us one of his lectures last night, you know sitting himself up and saying, "I thank thee that I am not as other men," but in reading that lecture he referred to some speeches of Sir Winston Churchill, and Churchill's war speeches were great speeches indeed, very great speeches. But if you read them, Your Honour, you will find there - and I looked up some last evening at home, over the years I have managed to acquire what I think is a complete set of the published speeches of Churchill - you know, they are ten pages, eight pages, six pages. The Gettysburg Address is, what, 1976 words, probably one of the most magnificent speeches ever made. And interestingly enough, for the comfort of the Minister of Mines and Energy, at the time it was not reported, President Lincoln was not the main speaker, if that is conceivable, that the President of the United States at an official function would not be the main speaker, but

MR. ROBERTS: he was not the main speaker at the dedication of the cemetery at Gettysburg where he made his, you know, "Four score and seven years ago..." that speech. The newspapers of the day reported the main speaker at some length and then, you know, President Lincoln also spoke, and of course the Gettysburg Address has become one of the great addresses.

But I am becoming diffuse now and I am becoming lengthy and I guess I am as prone to it as anybody else. But the point I think is a valid one, Sir, and it needs to be well made. I do not think the media, indeed it might be very much to the advantage of every member of the House, Sir, that we are not reported at great length and we are not reported with complete accuracy.

MR. HICKMAN: Not reported totally.

MR. ROBERTS: Well, I think there are many functions of the House other than being reported. I think the reporting is a very important part of the House, but even if there were no reporting and even if nobody in the Province was the least bit interested in what goes on, then I think that there still is a very real purpose for the House and -

MR. HICKMAN: It might be shorter.

MR. ROBERTS: Well, it might be shortened but I think since we are not going to restrict reporting I think we should discipline ourselves, and I think the way to discipline ourselves is to make some major changes in our rules, and make some major changes in our rules by shortening speeches, by sharpening our procedures -

MR. MORGAN: Shorten everything -

MR. SPEAKER (MR. YOUNG): Order, please!

MR. ROBERTS: If the hon. gentleman from Bonavista South (Mr. Morgan), Mr. Speaker, can control himself! Mr. Speaker, if the hon. gentleman feels I am out of order he of course has the right to raise a point of order. And if he does not want to raise a point of order, Sir, I would ask him please to observe the rules of the House. Now that is the second or third time I have had to ask him. I do not intend to engage in repartee with him on this occasion because when I am shooting for elephants, Sir, I am not going after mice. Mr. Speaker, if the hon. gentleman from Bonavista South (Mr. Morgan) will just control himself, and when he speaks I shall listen with interest to what he has to say, whether I agree with it or not.

I am dealing with some comments which were made earlier in this debate by the Minister of Mines and Energy, who made his comments without interruption, and I would ask the same courtesy. If the Minister of Transportation and Communications does not want to extend me that courtesy, Sir, and does not want to observe the rules, I would ask him to leave the House and maybe he could go and try to get some roads repaired because, of course, that is what he should be about right now.

Mr. Speaker, I wanted to make those preliminary remarks because I thought they were to the point. I thought they were relevant. It is interesting to note that the Minister of Mines and Energy on Tuesday made this - not attack - but made this comment on the press reports of the House. Some of the media reported his comments on the press as being news, which I suppose they were. But The Evening Telegram on Wednesday as far as I could see did not even mention that the minister had spoken. If you had read The Telegram on Wednesday and nothing else you would not have known there had even been any mention on Tuesday in this House of the Come By Chance matter at all.

MR. MURPHY: I sometimes hope our wives believe us when we tell them that we have gone to the House of Assembly to take part in what happens.

MR. NEARY: Especially at night.

MR. ROBERTS: Well the hon. gentleman has raised an interesting point, particularly when the House sits until eleven. That is not as bad as the days when the House used to sit all night and one would come home at eight or nine in the morning saying, "I was at the House." My friend from Burgeo (Mr. Simmons) had an interesting instance along those lines the other day. A constituent called for me - no, my friend from Fogo (Capt. Winsor) was it - a constituent called our office for him and was told, "Oh, he is not here right now, he is in the House." So when he gets home his wife had a phone call from the constituent saying, "Where is our member, we want to talk to him."

MR. MURPHY: We take too much for granted.

MR. ROBERTS: Well we do. The Minister of Provincial Affairs is quite right. We take too much for granted. We have all had the experience of walking across the lobby of the House at some point when we have been meeting for days and think we are solving all the problems of the world, or at least debating them, and somebody in the lobby says, "How are you? When is the House going to meet?" you know, and it has been going on for forty days and forty nights.

Mr. Speaker, let me then carry on with some remarks on this. The first thing I want to say, Sir, is that this is an unusual debate, and the resolution tells us that it is an unusual debate, and it is an unusual debate in that we are discussing, inevitably, the affairs of a private company; a company that was formerly a Crown corporation but is now a private company, and is now bankrupt, or two companies, Provincial Refining, is it, they are called, and Newfoundland Refining Company Limited. But even though they are private companies, the matter, I believe, is one of great public interest and importance and I believe it is important that it should be debated here in this House. I think we are doing the right thing to debate it even though we do not normally debate the affairs of companies in this Province that are in financial difficulties or that have gone bankrupt.

Sir, this one is very public for at least three reasons. The first - not necessarily the most important - would be the fact that \$41 million of the people's money is involved. I guess it is Provincial

MR. ROBERTS:

Refining Company Limited that lists among its secured creditors the Province of Newfoundland through the Department of Finance. There are \$198 million in secured creditors in Provincial Refining Company Limited, and of that \$198 million the Province is owed or owns \$42 million worth of that debt, about 20 per cent of the total secured debt of Provincial Refining Company Limited.

But, Sir, even more importantly than that is the fact that this refinery at Come By Chance was - I do not know if it was conceived by the government, but certainly it was midwifed by the government of the day. The gentleman from Twillingate (Mr. Smallwood) was Premier. I happened to be a member of the cabinet. The gentleman from LaPoile (Mr. Neary) was a member of the cabinet. The gentleman from Fogo (Capt. Winsor) was a member of the cabinet. The gentleman from Conception Bay South (Mr. Nolan) was a member of the cabinet, and I am not sure of the gentleman from Port De Grave (Mr. E. Dawe); he might have been in the cabinet for part of it and he resigned from the cabinet at one point and was not subsequently reappointed, indeed did not subsequently stand for re-election in the 1971 election.

MR. NOLAN: We were not members of the cabinet when it was conceived.

MR. ROBERTS:

No. My friend from Conception Bay South (Mr. Nolan) has made a valid point. We were not members of the Cabinet when it was conceived. Indeed our entry into the Cabinet came after the original midwives. The member for St. John's West (Mr. Crosbie) and the then member for the then constituency of Humber West (Mr. Clyde Wells) had left the Cabinet in the middle part of May, 1968 as I recall it, had left the Cabinet in a dispute over a portion, a feature of the original agreements, the \$5 million bridge financing.

AN HON. MEMBER: The \$5 million bridge financing.

MR. ROBERTS: Yes, the \$5 million bridge financing. The Minister of Justice was in the Cabinet - I am sorry?

MR. MURPHY: Everybody thought they were building bridges. All across the country there was so much talk about bridge financing.

MR. ROBERTS: Well it is interesting, Mr. Speaker, that the minister reminds us of that, because the way it has turned out that was really a by-issue of the utmost unimportance. The real issues of Come By Chance, the real issues of the whole project were not in any way related to this bridge financing question. That was the merest bump on a very large log. The Minister of Justice was in the Cabinet. Indeed he and I at one time were fellow directors of Provincial Building Company Limited, as I recall it - not probably, I think almost certainly. I think we were - I forget who was the third. There would have been three ministers. He is probably back there now.

Now, Mr. Speaker, it is a private company but of public concern because our people have put \$41 millions into it and because the government got it started. I suppose this House spent as much time debating Come By Chance as we did anything in the last four or five years; major debate in 1968, another major debate in 1970 when the amendments were made to the original agreement. In the Summer of 1970 we had a two or three day session here in the House and debated amendments at great length. Then throughout the piece there has hardly been a debate or hardly been a - could I ask when the Governor is to come?

AN HON. MEMBER: Twelve-thirty.

MR. ROBERTS: Twelve thirty. Okay. We will adjourn after the Governor comes?

AN HON. MEMBER: We will probably come back to it.

MR. ROBERTS: Could I ask - I am sorry?

MR. CROSBIE: He will only take a minute.

MR. ROBERTS: No, I know he only takes a minute. But is the thought to resume after that until one, or is the thought to adjourn?

MR. CROSBIE: We will see how it turns out.

MR. ROBERTS: All right. Well, I will be here at twelve thirty. We will see what happens.

Now, Mr. Speaker, now that we know that His Excellency is coming to, hopefully assent to the Interim Supply motion - I believe he will assent. I assume the government have advised him to assent and His Honour will carry out the advice he received from the Premier. Has the Premier given him any other advice today? Are we going to have an election?

PREMIER MOORES: Not today.

MR. HICKMAN: After all, we are approaching the Queen's representative.

MR. ROBERTS: Agreed. Agreed. It is the Queen's government and His Honour the Governor is the Queen's personal representative.

MR. HICKMAN: He will assent, I believe.

MR. ROBERTS: I hope he does. It would be an interesting - when did it happen? Mr. Hanbidge was the Lieutenant-Governor of Saskatchewan in 1962. He reserved a bill. You could hear the yell from Regina to Saskatoon.

Mr. Speaker, the real point of what we are talking about here today, though, is not the affairs of this company. I am not sure we have any real right to go into the affairs of it except as they impinge upon the public concerns of the people of this Province and the government of this Province. What we are talking about are two things, I would submit; the government's role in the events which resulted or led to the bankruptcy of this company or these companies, and even more importantly, even more importantly than that, because that is passed and at best we can learn from it and be negative but

MR. ROBERTS: we cannot really change what has happened, the real point of this debate, I suggest, is what have we learned with respect to the economic development of this Province. In a narrower context, what have we learned with respect to the refinery operation or the petrochemical possibilities at Come By Chance? Can we make them go again? I would think, Sir, that is the point of the remarks which I wish to make in this debate at this time.

Now I have listened to most of what the Minister of Mines and Energy said. I have obtained transcripts. I rang the Editor of Debates and he was kind enough to ask his staff to do them. I have read them through I think with care and attention. I have not sent them to anybody else, I hasten to say to the minister. If they should crop up in the S.F.C. next week or in oil week or anywhere or in some litigation, they have not

MR. ROBERTS:

come from me. We have now come to the point, I suppose, where each one of us is going to have to stand and record his innocence of these nefarious charges. But I certainly have transcripts and I have read them. Let me say right at the outset, Mr. Speaker, let me make it quite clear where my colleagues and I stand with respect to this issue or this question.

We realize that we have only heard the government's side of the event. We have heard the minister speak at length and he tabled a great deal of information, a great number of letters, but we have only heard one side of it and there is always a second side to any issue or any question. But let me say, Sir, that - well let me make a remark before I make that conclusion. We can only test what the minister said by three means. We can test it by such knowledge as any of us might have of the events that have been talked about, or that we have acquired by reading it. We can talk about public knowledge, or we can talk about our general experience with the refinery and with the people who have built it and made it work.

Now, having said that, Sir, let me say that as far as I can see, unless there has been some material omission in what the minister has told us - and I understand there are rumors and mutterings, and I have no doubt the gentleman from Twillingate (Mr. Smallwood) will tell us whatever there is if there is anything to this - that some major or some material documentation has not been made public. Perhaps I could ask the minister is there any significant documentation that has not been made public? There is none that I know of but I do not know.

MR. CROSBIE: There are so many documents that -

MR. ROBERTS: I know but I imagine -

MR. CROSBIE: All are not filed.

MR. ROBERTS: But I used the adjectives 'major' or 'material'.

MR. CROSBIE: I do not think so.

MR. ROBERTS: The minister tells us that as far as he is aware, and I would think he is certainly aware of it, all major or material

MR. ROBERTS:

documentation that is relevant to the debate or relevant to the issue has been made public. I am glad of that. Let me say I am privy to no information. The only communication I have had with any member of the refinery organization was I happened to come out to the House on Tuesday and Mr. Homer White, a friend of mine, an estimable gentleman, happened to be in my office with a lawyer from Halifax whose partner is a very old friend of mine. The partner is Mr. Peter Green and the lawyer is Mr. Leonard Kitts who I believe is a Queen's counsel in Nova Scotia. We chatted for a moment or two about the state of the weather and did not really get into the refinery issue at all.

But I am glad it is all public because I have heard mutterings that there is some secret document that will be tabled that will put an entirely new light on everything that has been said and done. Well, if there is, I do not know about it. The minister tells us he does not know about it. The Premier presumably does not know about it because he and the minister were in brief converse before the minister just answered my question. I have not been made privy to it.

So with that preface, let me say that my view - and I have read the minister's statements and I have tried to analyze them and think them through. Assuming that all the documentation is available, or all the relevant documentation, I rather think the minister has laid out a very strong case. There is one significant area that I will differ with and that is the one I have previously publicly criticized, the government's failure to be what I believe to be frank and honest with the people of this Province. But leaving that aside - that is a question of communication between the government of the Province and the people of the Province - leaving that aside, as the minister outlined the government's involvement in this and conduct in it, it seems to have been straightforward, and I would think would probably be the sort of thing that an administration which I had heard would have done. That is a difficult thing to say, because how can you answer

MR. ROBERTS:

negatives, how can you prove the unprovable. But based on what I know, and based on my experience - and I had some dealings with the Come By Chance project. In fact that second mortgage that secures our \$42 million I believe has my signature on it as one of the ministers who was an officer.

The hon. member for Pleasantville (Mr. Dinn) looks dubious. He can go down and look it up. I spent a whole day down in the Justice Department, as did the gentleman from Twillingate (Mr. Smallwood), as did the member for Conception Bay South (Mr. Nolan), signing documents. I am quite sure my signature is one it. I am sure it is also on the construction contracts with Procon. You know, and whatever else it was proper for me to have signed, I signed. A whole day at it, and then initialling pages and the contracts are that thick and you sign at the end and you have to initial every page. Then there are a dozen people around the table all practicing their penmanship.

So I had some experience with it. I was not uninvolved in the 1970 amendments to the act. As I recall it at Committee stage in that debate the gentleman from Twillingate (Mr. Smallwood) had carried the second reading debate, had led in it and had spoken on it. At Committee stage, as I recall it, I took most of the burden of dealing with some of the detailed provisions of it. My friend, Mr. William Rowe, who was then the member for White Bay South and a colleague of ours in the cabinet was as deeply involved and as intimately involved and as proud of it as I am and was.

Mr. Speaker, the point is that I think the government have probably acted as they ought to have acted with a significant exception. I will deal with that in a few moments.

MR. ROBERTS:

I think they have a strong case. I think that is worth saying because there were quite strong attacks. I watched the Sunday afternoon programme on CJON television. The bankruptcy petition I guess was filed on a Friday. The Premier's press conference was, I believe, that Friday afternoon. On Sunday afternoon CJON television, I believe, put a whole hour on, a very good public affairs thing, about the only public affairs thing they have done in months. They seem to have given up on Analysis or Issues and Answers and all those other programmes. The minister was on and Mr. Jamieson was on and all concerned were on. The hon. gentleman from Twillingate (Mr. Smallwood) was on. I do not want to criticize what he said. He can say what he wishes. When he speaks in the debate I have no doubt he will say exactly what he wishes and exactly what he believes and that is the way it should be. But he seemed to feel that the whole thing was an attack, the whole bankruptcy proceedings had resulted because of a government attack or a government decision to try to down Come By Chance. Now I can be critical of the government, Sir, and heavens know I have been critical of this government, and I will be again. But let me make it quite clear that based on what I know, and what I see, and what I have been told, and assuming I have been told and the House has been told the - when I say 'the truth' I am not suggesting we have told any untruth - but the full truth, the whole truth and nothing but the truth, then I think that the government do not come off so badly at all. I am not here to sit in judgment but I did not think the minister's speech was either an apologia or an attack. I would hope the gentleman from Twillingate (Mr. Smallwood) when he speaks will deal with that point. He tells us he has been in intimate contact with principals in the refinery operation. He may well know a great deal more than any of us. He certainly knows a great deal more than I do. I have not had a word with any principal in the refinery organization for months. I have not had any cause to. I am not dealing with them in the government. I am not their agent. I am not their spokesman. I am not connected with them in any way. I have had just no communication from them nor do I expect any, nor have I

MR. ROBERTS:

tried to initiate any. But if the gentleman from Twillingate (Mr. Smallwood) knows more than I do or the House does, then I shall listen with great interest to what he has to say because I think if there is more it should come out. But until and unless it comes out, then I think that my judgment must stand as being a sound one, one based on the evidence, one based on the facts. I must say a number of the statements made by some of the spokesmen for the Come By Chance refinery interests have been exploded by the minister or by the documents which he tabled. I do not think there is any doubt now that the British people never - it was said that they had consented to share their first mortgage. I found that a little hard to believe. In my limited experience with the world of affairs, Mr. Speaker, people holding secured mortgages to companies that are in trouble are not usually willing to give up very much of their security. Indeed the very reason they sought the security is they want security and are not about to share it or dissipate it in any way. Of course E.C.G.D. have made that quite clear.

The third mortgage question I am not sure has been fully dealt with. I do not think the minister dealt with it as completely as I would like. There were statements made, as I recall it, that Ataka had agreed, the major creditors, the Japanese firm of Ataka had agreed to pay off the local creditors if they were given a third mortgage. I do not think that has been completely dealt with, but I think the evidence that is before us would indicate that that statement too does not have any validity upon examination.

MR. ROBERTS: So I think the minister's speech has been very informative and that, and it has given us quite a deal of information, and unless there is something we do not know or something we have been misled on, then I think that it is a sort of a neutral position. I guess we are in a neutral position in this party now and in this matter in this House, and our judgement would be that the government are on essentially the right track.

Mr. Speaker, I wanted to say that. I think it should be said, because I believe we are the only group in this House that is - is 'neutral' the right word? that is not directly involved in the thing. As I say, to my knowledge we have no contact at all, any of my colleagues or me, with the refinery organization other than, as I said, a brief conversation in my room the other evening, after the debate, which carried on in the elevator and going out the door until we got in our respective cars. And the chat I had last summer with Mr. Homer White, oh three or four, five, six months before the election we had a brief chat, half an hour, just notes from old times and one thing and another. It was a private conversation. I do not wish to reveal it because I do not believe in revealing private conversations, but I can assure the House it had nothing to do with any matter before the House now. And if Mr. White ever wants me to reveal it and if he consents then I will certainly do so. This is certainly nothing secret or wrong.

But, Mr. Speaker, the government obviously have dealt with it, and the gentleman from Twillingate (Mr. Smallwood) has told us on a number of occasions, publicly and in every way that he can, and he is a genius at communicating his thoughts and his feelings and his beliefs, that he is in intimate contact, so I look forward to what he has to say on that point. He may wish to criticize us. That is his right and his privilege, more power to him, but I would think he will have to make a very powerful case to convince me that the government have acted in the way in which he indicated they had in

MR. ROBERTS: his statement on the television. He may have changed his mind. I have no way to know, of course.

Mr. Speaker, having made that point let me go on to say that I do not need to review in detail the events which led to the decision by the creditors to go before the Supreme Court and seek a bankruptcy order, the order which the Supreme Court, Chief Justice Mifflin did in fact grant. It is obvious, I think, to anybody who was in this Province in the last year or so - not the last year, the last few months that the refinery was in trouble. There was the indication, I suppose the first indication, substantial indication, the first public indication of any substance that any of us had come late in October when the Chicago Bank, the First National Bank of Illinois, I think it is called -

AN HON. MEMBER: Chicago.

MR. ROBERTS: The First National Bank of Chicago, I thank the hon. gentleman, a very major US Bank, I believe the chairman of the bank was the chairman of the opening ceremonies at Come By Chance, the day in October 1973 when it was opened. The gentleman has since retired, no connection with this, he had come his term and retired.

PREMIER MOORES: Freeman.

MR. ROBERTS: Mr. Freeman, no, was that the man's name?

PREMIER MOORES: Lord Goodman.

MR. ROBERTS: Lord Goodman is the ECGD, no I am sorry. -

PREMIER MOORES: Mr. Shaheen's lawyer.

MR. ROBERTS: Mr. Shaheen's lawyer, that is right, a very notable solicitor, a very great figure in the arts, a very great figure of a man, needless to say, a marvellous man. But the gentleman, the Premier might remind me, the gentleman from the National Bank of Chicago what was his name?

PREMIER MOORES: Gaylord Freeman.

MR. ROBERTS: Mr. Gaylord Freeman, was that it?

PREMIER MOORES: Sure.

MR. ROBERTS: And a very well known banker, indeed I am told one of the

MR. ROBERTS: great bankers of the United States, and in any event his bank foreclosed on a debenture and of course that is what put the fat in the fire, because their debenture was for only \$20 million, at fifteen per cent interest - and as far as I know there were no bonuses or double disbursement sheets or anything - but the security for that debenture was the oil in the refinery, both the raw oil and the crude oil, the oil going through the process and the inventories on the other end, and once the bank had foreclosed, and it sent in, I believe, Clarkson's, Clarkson's are obviously very much in demand for acting on these things. Once Clarkson's had gone in and exercised the rights under the debenture, of course the whole thing came to a head and it went on from there.

I think it is obvious from looking at the financial statements, Mr. Speaker, the company was in very real trouble for a long time. I

Mr. Roberts:

did some analysis on the statements which the minister tabled, and, you know, they are incredibly intriguing. Let me just take - there were seven statements tabled by the minister, quarterly statements. Of the seven, six were unaudited - I am sorry, six unaudited quarterly statements and one audited annual statement covering all of the calendar year 1974 and the first nine months in the calendar year 1975. Those were the statements which the minister tabled, and the mere fact that they are unaudited should not excite anybody in the House or outside, Mr. Speaker. That is the normal procedure. You only get an audit once a year. That is enough. I assume the unaudited statements which Provincial Refining Company Limited prepared, and which were given to the minister, which in turn were tabled here in the House, were accurate, and I do not question them at all.

Let me just go through the one particular figure which I think is a significant one, the net earnings figure or the net loss figure as it became. But the statements which were filed were a balance sheet in each case, and an earnings statement or a profit and loss statement for three months, and then a source and application of funds. There were three statements filed in each of the seven sets of documents. So I have taken the net earnings figure or the net loss figure from each of these statements, and at the end of March 1974 the net earnings of the company, which I believe began business officially on the 1st. of January 1974, I think that was the date. You know, every project or every operation has a starting point for accounting purposes. I mean you count what goes before, but there is always a non-start date, and I believe in the case of Come By Chance it was 1st. January 1974. And in each case we are told these were before the management fee which the Newfoundland Refining Company were entitled to draw, and that was 27.8 per cent of net earnings. Now I will come back to that point.

Then in the first three months this company, we are told, on product sales of \$43 million, had net earnings

Mr. Roberts:

of \$4,426,793. It made roughly \$1 for every \$10 worth of sales, and that after provision for taxes. Actually the earnings before taxes were \$8.526 millions, but provision was made for \$4.1 million in deferred income taxes. That was cash available to go into the operation of course, because the income taxes would have been deferred for a long time because of capital cost allowances, and that is normal and proper and right and straightforward and all of that.

Then in the first three months of operation Provincial Refining made an average of \$1.5 million a month. I have rounded off the figures, but my roundings are accurate, \$1.5 million a month plus in the first three months of operation. In the next three months of operation the statement for the period ending June 30, 1974, the net earnings figure for the six months is \$6.19 million, call it \$6, 200, 000, because you are only \$2,910 out, \$6.2 millions, the total earnings have been \$11.9 millions, but there have been \$5.7 millions set aside as a tax reserve, again cash available, but, you know, legitimately set aside, and properly so the accountants will say. So that was a net rate of return, net earnings, not rate of return, I am sorry, net earnings of roughly \$1 million a month, in the first six months. So the first three months the project had made \$1.5 million each month net. And that the first six months, that is, including the first three and then accumulating the total net earnings averaged \$1 million a month, you know. And the pattern will appear the minister of -

MR. MURPHY: Does this allow for paying bills and all that stuff?

MR. ROBERTS: Oh, yes. I will read it down for the Minister of Provincial Affairs. Yes, I mean, six months ended June 30, 1974,

MR. MURPHY: Oh 1974, I thought -

MR. ROBERTS: Product sales \$106 millions - I will round them off to the nearest million - Product sales \$107 million, transportation \$5 millions, total income \$112 millions. That is income, not earnings, you know, revenue, another way to put it. Costs and

Mr. Roberts:

expenses excluding the amounts shown separately, that broad category, \$85 million; selling, general and administrative expenses were \$7.2 million; the interest was \$5 million, and depreciation, not a cash item but again a legitimate item to record, of course, it is a cost, \$3 millions. So the total expenses were \$100,200,000, so that gave you earnings before taxes, taking expenses from revenue, of approximately \$11.9 million, putting aside \$5.7 million on taxes, you were given \$6.2 million net earnings. So in the first six months of its life that refinery project earned \$1 million a month. I have not bothered working out the rates of return on the equity invested, although I might say on a total investment of \$10 million by the equity owners in those subordinate debentures, that is a pretty handsome rate of return. So \$1.5 millions a month in the first three months, the average rate of income, of net earnings,

MR. ROBERTS:

\$1 million plus in the six months. Now what happens at nine months, Mr. Speaker? There is a story here, and the story I think will emerge quite clearly. If anybody wonders, you know, what happened to the refinery - I am not telling you about why it happened but what happened - I think it makes it quite clear.

At the end of nine months, Mr. Speaker, September 30, 1974 the statements showed, the statements supplied by Provincial Refining that the net earnings had turned from a profit of \$6.2 million three months before to a total loss for the year to date, the nine months, of \$12.8 million. So the company had had quite a dramatic turn around in that quarter. It had, in fact, gone \$18 million behind. Now if you divide the \$12,800,000 loss of the first nine months by nine, you are given \$1.6 million a month. So at the ninth month of its progress through the year 1974 the refinery had suffered a loss, not necessarily a cash loss but a legitimate, proper loss by accounting procedures, a net loss of \$12.8 million which is \$1.6 million a month.

Let us look at the pattern, Mr. Speaker. The first three months, earnings of \$1.5 million a month. The next three months earnings for the six month period averaged \$1 million a month. For the nine months instead of averaging \$1.5 million a month or \$1 million a month, they turn into a net loss of \$1.6 million a month. If you carry that through to the end of 1974 when we have an audited statement - Coopers and Lybrand, a well-known reputable, unquestionable firm of auditors. Indeed I think Mr. Dennis Groom was a partner in the British Branch of Coopers before he first came to work for the government. I think he was.

MR. CROSSIE: Yes.

MR. ROBERTS: Yes, the Minister of Mines and Energy - that is the firm that Mr. Groom was a partner in in London. It is the American branch, but you know they are first class people, no argument there. In that period, Mr. Speaker, the net loss for the twelve months had turned

MR. ROBERTS:

into \$58 million for the year. Now you divide that again, Sir, by twelve and you get \$4.8 million a month. That is the pattern, Mr. Speaker. I think that pattern is worth restating at the risk of restating it once too often.

Over the year, if you take the quarterly statements, the refinery began in its first three months by making \$1.5 million a month. In the first six months the average profit was \$1 million a month. In the nine months, the refinery was making a loss of \$1.6 million a month, and in the twelve months the refinery was making a loss of \$4.8 million a month. That pattern continues.

The statement for the end of March, 1975, the first three months of that financial year, shows a net loss of \$21 million which by my calculations is a \$7 million loss, and I assume that is an operating loss because it refers only to the year to date of course. I am not talking to the position on the balance sheet. I am talking just of the in and out journal, the profit and loss statement. The three months ending March 31, 1975, minus \$21.5 million, which is an average of about \$7.2 million a month loss. At the end of six months it had gone to \$66.3 million loss which is an average of \$11 million a month. At the end of nine months - that is the most recent statement which the Minister of Mines and Energy tabled - the net loss for the year to date, 1975, the first nine months of 1975, was \$106 million. You add that to the \$58 million from the year before and you have a total loss of \$164 million. But the \$106 million figure, divided by nine, comes out to roughly \$12 million a month, nine twelves are 108 but let us call it \$12 million a month.

So what happened was

MR. ROBERTS:

quite obvious, Sir: The project bled to death. No business could sustain that rate of loss - maybe if you were Imperial Oil, now Exxon, or Royal Dutch Shell or some massive company. Not only was it losing incredibly large amounts of money, but the rate of loss was increasing. It is like a hemorrhage that in the first hour bleeds - there is only so many quarts of blood in our body and we can only lose so many before we die. The human organism has only a limited capacity to lose blood and survive. The first hour you lose an ounce of blood. The next hour you do not lose an ounce, you lose a cup. Then you lose a pint and a quart and death is inevitable.

MR. MURPHY: Time was not a great healer.

MR. ROBERTS: No, Sir. The Minister of Provincial Affairs is right. Time was not a great healer. Indeed time was working against the refinery. I do not know what would have happened, but I mean it is obvious over the twenty-one month period that the refinery was hemorrhaging massively and that the hemorrhage was getting worst whatever treatments were being applied.

MR. MURPHY: Green instead of red.

MR. ROBERTS: Well, it is a horror story in financial terms. Now I am not as yet saying why or asking why. I am just making the analysis because it is an analysis that the Minister of Mines and Energy did not make. I am not saying there was anything wrong with him not making it. There was no need for him to make it. But the statement was made. But I think the House would be interested in that analysis. It is based only on the figures. I have no other information. But it is based on the company's own statements. The company started making \$1.5 million a month, ended up losing \$12 millions a month. In twenty-one months that company went from generating a profit of \$1.5 million a month to losing \$12 millions a month, which is a turnaround of \$13.5 million. I do not suppose that any enterprise in the world could stand, not only that rate of loss - company's take that rate of loss and keep going, big companies - but the increase. The increase is frighteningly rapid, and no apparent evidence that I can see of a turnaround.

MR. ROBERTS:

Having said that, let me then turn to the question of why it happened. I mean, that is what happened. If anybody ever wonders why Provincial Refining went bankrupt, I mean it went bankrupt because it was bleeding to death and the company was, to say the least, equity thin. There was \$10 million in equity in it originally on a \$200 million project. That is about five per cent. The rest was secured by mortgages of one kind or another, first, second, third, dock agreements and what have you. But the fact remains from the financial statements, Sir, that company bled to death. I will venture to say if it had not been declared bankrupt, if the creditors for whatever reason had not decided to jump and petition the Supreme Court in the bankruptcy - and when I say for whatever reason, it is not hard to imagine for whatever reason. Anybody who saw those financial statements would naturally be somewhat apprehensive. I mean, if the Liberal Party had seen those statements we would have been looking for our \$100. That is not mentioning the companies who were owed \$1 million or \$10 million, \$15 million or \$53 million. I think that is the largest unsecured amount, the Ataka people, \$53 million. It is astonishing. I am sorry - Atlantic Trading Delaware Limited are owed by Provincial Refining \$244 million unsecured. That may or may not be correct. What I am reading, Mr. Speaker, are the notices which the trustee of the Clarkson Company sent out. But that is the largest one. Ataka America, who I assume are owned by the same people as Atlantic Trading Delaware, are owed an extra \$9.9 millions. Berma Oil Tankers - I do not know who they are - a New York address here, \$2 million;

MR. ROBERTS: Canadian Fuel Marketeers Limited, Valleybrook Drive, Don Mills - \$2.5 million; Common Brothers, they are a shipping firm, I believe, ship owners - \$1.4 million, that is in England, in Newcastle-upon-Tyne, in the North of England, I think those are the only - no, I am sorry, Gulf Oil are owed \$3 million, the American Gulf Oil Company; London Shipowning, whose address is give as care of a law firm in Halifax, Stewart, McKeen, Covert - \$1.6 million; Newfoundland Refining, that is one of those company transactions that the minister mentioned - \$15 million. It is incredible the amounts of money, and of course the question that we cannot answer, and indeed it is not appropriate for us to answer, it may not even be terribly appropriate for us to ask it, is why the creditors allowed the amounts to pile up? But be that as it may, they did and they will now have to take whatever remedies the law gives them.

MR. MURPHY: How do they get the great credits, I wonder?

MR. ROBERTS: I do not know, Mr. Speaker.

MR. MURPHY: I was in a bank the other day and I wanted to change a cheque for twenty-five dollars, They put a stamp on the back, the teller knew I was a Minister of the Crown, and I had to put my car licence number on the back of the cheque.

MR. ROBERTS: That may be because they knew the gentleman was a minister. They may have felt he had no job security.

MR. MURPHY: Perhaps that was why. Perhaps that was why.

MR. ROBERTS: I am sure that the Come By Chance matter will be a case study, a classic case study, you know, in the business world for good or for bad.

MR. MURPHY: Salesmanship.

MR. ROBERTS: I would think in years to come the Harvard Business School, which works on the case method like the lawyers do, will certainly want to look at the Come By Chance thing. It is a magnificent example of whatever it is.

Mr. Speaker, the point I made, and I think made at some length and thoroughly, is that the company was bankrupt and when

MR. ROBERTS: Ataka chose to go in, and I do not know why they chose to go in although I can take a guess based on what the minister said, the Minister of Mines and Energy, it is obvious that the company was hopelessly bankrupt and I do not see how it could ever have come out of it. I mean, I have heard nothing from the company or seen nothing, but maybe the gentleman from Twillingate (Mr. Smallwood) will be able to address himself to this point as well, how they could possibly turn around not just the total loss, because I mean that is there - you know, Ford Motor Company wrote off a quarter of a billion dollars on the Edsel car and kept on going and are coming it still - but how they could staunch that hemorrhage and it rapidly increasing, in twenty-one months it had gone from \$1.5 million loss to a \$21 million loss.

Perhaps next I should look at the question of why, and I do not know why the company went bankrupt. I can advance some reasons which the minister, I think, has already touched on and they are pretty obvious. I think, first of all, nobody can blame the refinery company or the people involved in it for the fact that the international oil industry has come on tough times financially speaking. Come By Chance, in that sense, was the, what was F.E. Smith's, Lord Berkenhead's phrase that "Newfoundland was the Cinderella of the Empire." I think Berkenhead wrote a little potboiler, did he not. Berkenhead wrote a little potboiler at one stage when he was still F.E. Smith, an aspiring young barrister, before he became Lord Chancellor of England, and that phrase was in it.

Well, Mr. Speaker, the Come By Chance Refinery was the Cinderella of the oil world, except for this Cinderella there was no Prince Charming -

AN HON. MEMBER: And no slippers.

MR. ROBERTS: - and there were no slippers, because they came on stream, they came into production just about the time that the whole bottom fell out of the international oil industry, A number of things

MR. ROBERTS: happened. The Arabs, who supply much of the crude in the world, suddenly realized that they were in a sellers market. Then OPEC, which had been a largely quiescent organization, OPEC came alive with a vengeance and the Arabs are in OPEC, as are Venezuela and the countries along the Mediterranean, and Indonesia, the oil producing companies of the world, all except Canada, I believe, are in OPEC, or all the major ones, I am not sure about the Soviet Union, and that is a major oil producer but it does not sell much oil on our side of the world.

But the OPEC countries suddenly started jacking up the price, and you cannot blame the refinery people for that. They are not responsible for that and they cannot be held to account for it. The results of that were widespread. The international tanker market, VLCC's went from affluence to poverty overnight.

I read recently, I do not know where it was, I think it was in Time Magazine, somewhere like that, where the Onassis organization had just lost a tanker. She had been deadheading up from somewhere in the Bay of Biscay, around Finisterre, going up the Channel and she had gone aground and was a total loss. Fortunately she was empty.

CAPTAIN WINSOR: Her maiden voyage.

MR. ROBERTS: My friend from Fogo (Captain Winsor) reminds me it was the tanker's maiden voyage and she was empty. She was a \$27 million tanker and she had not a stain of oil in her carrying tanks, what oil she had in her was in her fuel tanks, her propulsion fuel, and she was on her way, Mr. Speaker, and this did not come out until you looked carefully at the story, she was on her way to Norway to join several hundred other tankers which were laid up in the fjords there because

MR. ROBERTS:

today, Sir, the international tanker market is about as strong as the market for blacksmith shops in Detroit, Michigan. And the Shaheen organization, the Come By Chance organization, had chartered, we are told, seven VLCCs, very large crude carriers. That is given as one of the major reasons. They had gambled. I assume - now we do not have the facts, I am not sure if we can get them, but we do not have them. Maybe the gentleman for Twillingate (Mr. Smallwood) had them. Maybe he can give them to us. Maybe he will - but when those tankers were chartered it was the smart thing to charter them, because you grabbed the charter when you could get it.

Aristotle Onassis made one of the great fortunes of all time by forward chartering of tankers, chartering tankers that had their entire life's work contracted under charter before even the keel of the machine was laid. But in this case, Sir, the gamble, if it was a gamble, or the action, if that is what it was, turned into a disaster, because of course today, Sir, if you were to open Come By Chance and if you were not Newfoundland Refining and had charter party contracts, and Provincial Refining or whoever has the contracts you know you could pick up tankers - I do not know - but I wager at a quarter of what they cost. You could probably have them for the mortgages on them or cheaper than that because I am told that the fjords in Norway are filled with tankers. The great Olsen firm, one of the great shipping firms of the world, is tottering, I am told, on the edge of receivership because of its investment in tankers.

Aristotle Onassis died a couple of years ago worth \$500 million. I gather today, you know, his estate might be worth a quarter of that because of the fall in much of the assets which were tankers. So you cannot blame the Come By Chance people for that. You cannot blame them for the fall of that.

AN HON. MEMBER: The opening of the Suez Canal brought that about.

MR. ROBERTS: Well, my friend says that the opening of the Suez Canal - That is only part of it. I would commend to anybody who is at all

MR. ROBERTS:

interested in this type of problem or interested in the ecological matters a book now in paperback by a man named Noel Mostert called the Supership which is a story of these tankers which are really floating time bombs in an ecological sense, these VLCCs. I must say, you know, there have always been questions about the tankers coming up in Placentia Bay, questions largely academic. Once the refinery was there, it had to be supplied or else it would be junk. But I mean the book is certainly sobering thinking for anybody who is even interested or concerned in that aspect of it as well.

No it was not the opening of the Suez Canal. It was the combination of a lot of things. Partially the Suez Canal, which meant you did not need the quarter million toners. You could use 50,000 toners, I think, can go through the Suez Canal. Partially the incredible overbuilding of tankers. Then the best people -

AN HON. MEMBER: The Japanese?

MR. ROBERTS: Some were Japanese, some were Greek, the big money of the world. I can remember the last couple of months we were in office, the Pan-Maritime people, marvellous people with a great name a great reputation - you can check them out with whom you want, the highest of people. The hon. member for Twillingate (Mr. Smallwood), I am not sure if he found them or if they found him, but they were kindred souls, they were interested in building this type of vessel, the VLCCs at Marystown. They were genuine. They were sincere. They believed that the prospects of the VLCC market was unlimited. A lot of people of standing and repute believed that. The whole industry went mad building the foolish things and they are there now.

Then the drop in consumption - the only thing that is holding up the price of oil today is the OPEC cartel. If oil were subject to market forces today the price would come way down. But there is an oversupply of oil now. The refineries in Canada are operating at 60 per cent and 70 per cent capacity. The whole oil industry

MR. ROBERTS:

right now is a bad one. The Minister of Mines and Energy read out this Wood Gundy Report on refining and marketing prospects in Canada, and I do not need to repeat what he said. But, you know, this is done for the people who may want to buy stocks or are thinking of investing, and the recommendation is do not put your money into oil stocks in the near future. It is not going to be a good market.

Mr. Roberts:

The overall average refinery operating rate in Canada during 1975 was about 85 per cent. This compares with rates of 90 per cent to 97 per cent during the previous twelve years. So you cannot blame the Come By Chance organization, NRC and PRC or any of these companies for any of that. They had nothing to do with it. They got nailed by it. They paid a dear price for it. They got, I have no doubt, millions of dollars in losses because of those factors for which they had no responsibility, and which they could not have effected.

Mr. Speaker, I still think there are some questions which should be asked or answered, and I think we have a right to ask them in this House, whether or not they can be answered is another story. The Minister of Mines and Energy told us that only four VLCC were needed to supply the product which would go into Come By Chance. Now I have not bothered working it out; it is a thirty day trip and each one holds so many million barrels of oil, and at 100,000 barrels a day. You know, I do not doubt the minister's statement. He says only four were needed. Well, why were seven chartered?

The loss, the minister told us, I noted it down, was \$3 million a month, which is \$36 million a year. It is a lot of money. It is a lot of money. That is, over twenty-one months, \$63 million right there on that heading alone. Now why were seven tankers chartered when four were enough? It might be something as legitimate or as simple as figuring you could buy now and use them later, in which case it is a gigantic gamble that turned into an even more gigantic disaster. The question is then, was it a prudent gamble? It may or may not have been. What I do not understand is why the NRC or PRC, whoever had the charter parties, chartered them, because they were not going to build any new refinery. The new refinery was to be built by the Edison, the Newfoundland Edison, owned by the same principal, but a separate corporate structure, and they were obviously chartered long before there was any talk of any expansion, because the expansion, as we all recall, was very much an afterthought, after

Mr. Roberts,

it proved impossible to go ahead with the second refinery at this time. That is one question that, you know, somebody should answer. I do not know whether the minister has the responsibility for answering it. He is not a spokesman for the refining companies, he speaks for the government. But I think it is a very valid question, because of course that would account for the \$63 million of the total losses right there, and that is a factor that, it seems to me, is within the control of the refinery organization. They must answer for what they can control, They cannot answer for what they did not control.

I would like to know, Sir, as well, what steps were taken to try to correct the construction and the design problems. We are told, and we have been told publicly and consistently that the difficulties in getting the isomax and the hydrogen units into production had a large part to play in this, in this disaster, the fact the refinery lost money. We are told that the fact that these units were not in operation, or not producing at full capability meant that the product which came through the refinery were what they called the lower ends, as I understand it, of the distilling process, the refining process - I am not a technical man, and I do not know the technical terms - but as I say the heavier oils, not the lighter oils, and the lighter gasolines or whatever you call them, are apparently the more profitable, they sell for much more in the market than do the heavier oils. As Your Honour knows you take a barrel of crude oil and, as I understand it, you can crack it, you literally split into its component, component mixtures, not mixtures, it is component substances. And out of one barrel you get some aviation gasoline, and you will get some motor car gasoline, and you will get some naphthas, and you will get some bunker C, and you will get the heavier crudes going right down to, I suppose, an asphalt. So that is what you do with your barrel. And the more you can put it up the refining scale, the more of the lighter substances, the car gas and the aviation gas you can get out of it, the more money you get

Mr. Roberts:

and the greater your profit. Because presumably it does not cost a great deal more once you got the refinery in place to push the barrel through to make it a higher grade stuff than it does to push it through and make lower grade product.

Well then, so we are told because of the isomax unit - do I have the term correct? Is that it?-and the hydrogen plant, and because those two components were not working properly or perhaps were not working at all, the

MR. ROBERTS:

refinery was unable to produce the product mix it had hoped to produce, it should have produced, it was designed and intended to produce, and the result was their income was way down what it should have been and that obviously is reflected in the figures with which I began this statement. Well, then, what I want to know is why nothing was done, or if something was done, what was done. You do not have a genius, and I am not, you do not have to know much about refineries, and I do not, to know that if you cannot make the profit you would hope to make, or even the return you would hope to make by - well, take an analogy. My friend from Fortune Bay and Hermitage ran a fish plant for many years with great success up in Gaultois, a fish plant there, rehabilitated it, built it into one of the best plants in this Province. Now you can take a pound of fish and you cannot do a great deal with it. You can either cut it into fillets or you can make it into fish meal. Essentially that is the choice you have got. Am I correct? Yes. That is what you can do with it. Now my friend will confirm, or anybody will know that it is much more profitable to make that fish into fillets than to make it into meal. Maybe it is ten times as profitable. Well, if my friend was running a fish plant and he discovered he could not cut his fish into fillets because his cutting lines were not working properly, and instead he had to take all the fish coming in, and he had contracted to buy fish and had it coming in, and put it in the meal plant and cook it up into meal, what would he do? The first thing he would do is get those cutting lines fixed. Well, now, at Come By Chance obviously the first thing to have been done was to get the isomax and the hydrogen plant fixed. Well maybe that was attempted. I assume it was. The people running it were not stupid. They had no desire that I can conceive to drive this project under. Well, what was done? Even more to the point of this House, what did the government do? Because, Sir, the government throughout this project had retained their own firm of engineering consultants, a firm called Jacobs Engineering Company Limited - Jacobs Engineering. I do not know whether they are a company limited. But they are Jacobs Engineering and they are, I believe, based in California. Again my understanding, and the checks I made at the time,

MR. ROBERTS:

my knowledge of it was that these were, the Jacobs are absolutely superb at that particular line of work. They are not Johnnie-Come-Latelies. They are not a front company. They are not a bunch of amateurs. They know their stuff. They were there. Perhaps it is worth refreshing Your Honour. Many members of the House might not know this. They were there not as a result of anything the present administration have done. This was one of the good things the present administration inherited when they came in. Indeed I think they will confirm the Come By Chance project when they took it over administratively was in good shape. Whether or not it was sound in conception is a matter that probably we could not agree upon. But certainly I think they would agree, the ministers who have to deal with it, would agree that it was in good shape when the seals of office were passed over to them. But anyway, Jacobs Engineering were hired by us and by the Liberal administration right at the start, because it will be recalled, Your Honour, that one of the original conditions precedent was that there had to be a feasibility study done. The original feasibility study was done by U.O.P., a Chicago firm - again leaders, experts, above question. So that was great, we had our feasibility study. The condition precedent of the House that put in the legislation was met. Then it was realized that - and nothing was hidden on this - that U.O.P. owned Procon, the company who were going to build the refinery. Procon is a wholly-owned subsidiary, and Procon Great Britain, a wholly-owned sub of Procon U.S., or Procon Inc. were to build the refinery. Indeed U.O.P. put a lot of money into it. They may not get their money out, but they have a fair amount of money into it. So, Mr. Speaker, it was obvious that the U.O.P. study, the feasibility study was - I am not saying it was wrong or biased - but it was obvious that it could not stand as an independent feasibility study. So the government of the day - the gentleman from Twillingate (Mr. Smallwood) was Premier, of course - hired the Jacobs firm. They did a feasibility study and that was the one on which the government relied. Then, Mr. Speaker, on top of that the government said, all right during construction Newfoundland Refining were there - well let me go through it again. Provincial

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MR. ROBERTS:

Building Company Limited signed the construction contract. Procon Great Britain had a contract with Provincial Building which at that stage was entirely owned by the government. I guess there were three shares issued and they were held by three ministers. I think that is the company of which the Minister of Justice, as he then was and as he now is, was a director and I was a director and others of my colleagues were directors. Mr. Harry Dustan

MR. ROBERTS:

was the vice-president and did a magnificent job in that line of work. So Provincial Building had made a contract with Procon Great Britain to build the refinery for \$155 million, or whatever the price was. Such contracts were tabled here in the House and they are quite public. I am not sure if they are registered but they are certainly here in the files of the clerk of the House.

Newfoundland Refining were in there as Provincial Building Company's agents and they were paid and paid handsomely, 100 per cent of their costs plus 100 per cent above that. According to the legislation they were paid to be the Provincial Building Company Limited, or the government if you wish, the government's agents--because the government built this plant -- to be the government's agents on that. But we -- not out of any uncharitable motive, but we decided, and I think rightly so, that we would retain Jacobs Engineering to sort of check on NRC who were checking on Procon who in turn were building it for Provincial Building.

Well I think it is fair to say -- and I am not telling any tales out of school -- that NRC were not overjoyed. They wondered in polite terms whether this indicated a lack of confidence on the part of the ministry with them, and they were told no, it was just prudent and wise and in view of the large amounts of money involved, and in view of the fact that nobody in the government knew the least thing about refineries or whether they were built well or badly built, that it was wise. I believe that -- and again the Minister of Justice or the Minister of Mines and Energy could tell me if I am wrong -- I believe that the present administration when they came into office carried on with that arrangement. The Minister of Mines and Energy again nods acquiescence. Each week or each month Jacobs reported only to the government. They were not connected to anybody else to my knowledge except the government. I believe they did not even report to Provincial Building. They reported to the government of the Province, who were Provincial Building up until October 1973. But

MR. ROBERTS:

each week or month they would bring in a report.

My question now - that it is by way of background but I think it is important particularly for those who were not as intimately involved as I happened to be in those events - my question is, what did Jacobs say or did they say anything about the isomax and the hydrogen units? I am not sure when Jacobs' arrangement with the government expired. I am not privy to it and I have not -

MR. CROSBIE: The end of 1973.

MR. ROBERTS: The Minister of Mines and Energy tells me the end of 1973. Well, the point I want to know is at that point they would have made a final report. Well, was there any indication then that the isomax and hydrogen units were not in good shape, or were not working properly, or were not capable of working properly? I think that, you know, is a point to which the minister, if he wants to speak now, I would yield for that, or if he wants to reserve and address himself to it later on. Perhaps the minister - it is all history now, and cannot do any harm in a commercial sense or any other sense that I know of - but perhaps the minister might table the Jacobs final report. You know, it will be of interest to engineers and be of less interest to those of us who are not engineers but I think it is a document perhaps we could see. No doubt there was a final report and perhaps the minister could table it.

So, Mr. Speaker, you know, the question is there. Then the further question, going beyond that, because Jacobs, the minister tells us, ended their involvement at the end of 1973, and the company began its business in 1974, was it? January, 1974 was the official - was that the official start date?

MR. CROSBIE: Yes.

MR. ROBERTS: Anyway the financial statements begin as of that date and they begin clean, you know, zero, zero, zero on all the accounts as of that date. So presumably that is the date the project was turned over and the project was considered finished in the sense it

MR. ROBERTS:

was ready to begin commercial operations. So I would like to know at what state the - whether there was any indication of anything wrong. I think that is important, because we are told again, Mr. Speaker, one of the major reasons for this difficulty and leading to the bankruptcy was the fact the refinery could not earn the money, and it could not earn the money because it could not produce the right product, and it could not produce the right product because it was not working properly, and it was not working properly because the isomax hydrogen units were not capable of performing completely. It goes on from there.

Well that may be the subject of litigation. I am not sure whether this suit against IOP

MR. ROBERTS:

is - I suppose it touches upon these matters but I do not think that is any barrier. What is said in this House, Sir, is not going to affect a matter that is going to be litigated in the courts of the United States of America. It is relevant to the points we have.

But I would like to know, and if the minister is unable to tell me perhaps the gentleman for Twillingate (Mr. Smallwood) when he speaks could tell us what efforts the refinery people made to try to get those isomax units going and the hydrogen unit. My own friends at the refinery tell me that the hydrogen unit has always worked or has been near enough to working well. It is the isomax unit that has caused the problem. But apparently it is like love and marriage. They go together. You cannot have one without the other. The minister shakes his head no. But I am told by the men out there - I may have them -

MR. CROSBIE: Both of them.

MR. ROBERTS: No. I am told one is capable of working but it is no good without the other.

MR. CROSBIE: The hydrogen plant presents the problem.

MR. ROBERTS: All right. So the isomax is okay. The hydrogen plant is not. I had them transposed. But essentially one is no use without the other anyway, because you apparently need them both together.

Then of course a further question in that light, Mr. Speaker, has to do with the question of what will be needed to rehabilitate that unit assuming - and I think it is a valid assumption - that the secured creditors are going to end up in possession of the refinery. You know, the trustee is now in possession and he has to dispose of the assets. I do not know what the trustee is going to do. Maybe I will be told a little of that when I go off with my \$100 claim on Monday to the creditors meeting, and the Ataka people will be there with \$53 millions and I will be there with \$100 and other creditors will be there with their claims in proportion. But, Mr. Speaker, I assume the secured

MR. ROBERTS:

creditors who are principally the Government of Newfoundland, the ECGD or Kleinwort-Benson and the British money, the Sterling agreements and the Euro-dollar, the first and second Euro-dollar agreements and the Ataka people who are secured, I understand it, under the National Bank of Chicago debenture for \$20 million or \$30 million of their debts from the refinery.

So the secured creditors will end up in possession of the thing in due course, as I understand it, or at least the trustee will be taking direction from them if they are not actually in possession. So the question is what is it going to cost to rehabilitate these units and you know is it economically and financially feasible and technically feasible to do so. I think that is a very, very important question and one that must be answered.

Mr. Speaker, I do not need to say very much, I do not think, about the role of the major creditor, who are Ataka. They are not party to anything before the House and I think it is obvious they stand to lose a lot of money. I was going to say they have lost it. That is a presumption that I do not think I can make, although I gather from what the minister said it is unlikely the unsecured creditors will get very much. Considering that Ataka is owed about \$300 million by PFC and NPC together, that is a terrific hammering. Has there ever been a debt larger than that in a commercial bankruptcy? I do not know much about commercial bankruptcy. I mean, the Atlantic Acceptance one, which is the classic in Canada, was \$5 million which put that under. You know, a note fell due on a Monday morning. It had been drawn on a Friday and on Monday morning there was nothing to honour it so the whole - the losses there were \$20 million, \$30 million or \$40 million.

Even the Edsel, which was one of the great business disasters of history, the Edsel was only \$250 million - not only, I mean it is a lot of money. It came out of Henry Ford's pocket. But what about Ivor Kruger in the 1930's. He went spectacularly bankrupt, the

MR. ROBERTS:

Swedish match king. Nearly \$300 million is one creditor.

MR. NOLAN: How did we get so far in without any security?

MR. ROBERTS: Well, that is the question. My friend from Conception Bay South (Mr. Nolan) has phrased it very well. I think it is relevant to ask how did Ataka get in? Or you know I am not sure they are in as Ataka or Atlantic Delaware but Atlantic Delaware is a wholly owned subsidiary: How did they get in for \$300 million on a refinery that was losing millions and the rate of loss was growing rapidly? Over twenty-one months from a plus of \$1.5 million a month to a minus of \$11 million or \$12 million a month, over twenty-one months! I am fascinated by it. I am flabbergasted by it. I am almost horrified by it. If I were a shareholder of Ataka I would be much more concerned. But it is astonishing how a company could rack up \$300 million in what are largely unsecured debts. The only security Ataka have, I think, is about \$20 million - \$27 million Atlantic

Mr. Roberts:

comapny could get \$300 million on an unsecured credit, you know,
in a refinery that just was capital thin and was obviously capital
thin. But fortunately

Mr. Roberts:

Takagi was in London, this note was delivered by hand, London. And it in effect set down the conditions under which the British people as first mortgagees would consent. But I am referring to the document which was attached to that, and that is - there must be a date on it if I can find the - October 28. But anyway that makes it - It is signed by Mr. Roy M. Furmark and Mr. John M. Shaheen in behalf of NRC - I cannot read the Ataka America signature or UOP signature. Shaheen Natural Resources signs, SNR Delaware, Provincial Holdings, Provincial Refining, JNR Holdings, and John M. Shaheen all signed this document. And it is obvious from that - the whole thrust of that document in fact is to remove the management people there from controlling the refinery and put in new people. And I think anybody who is looking as to the reason why Ataka moved, why they decided to precipitate the bankruptcy must come to that conclusion. And I think any talk of plots or anything really is meaningless or irrelevant. Based on the evidence that I have seen it was a simple commercial decision. At some point Ataka presumably woke up and I do not want to be - but, you know, in effect threw their eyes heavenwards and said, "How did we ever get in this far? And how are we ever going to get out?" And they realized they were not going to get out. And they said, "Our only remedy now is to salvage what we can. And I cannot concede, I do not know anything about Ataka. I am not sure if I ever met anyone from Ataka or not, but I certainly do not know much about them at all. Ataka, I am sure, were not part of any plot. I cannot see why they would be. They had just realized they had an incredible problem, \$300 millions. And I would think Mr. Tagaki, who was the active officer of Ataka, as I understand it, in the United States had some tall explaining to do to his shareholders or his management people when he got back to Tokyo, and I gather had to say to them, -

MR. CROSBIE: He has not surfaced since.

MR. ROBERTS: The Minister of Mines and Energy says, Mr. Tagaki has not surfaced since. But what I will never understand is how any

Mr. Roberts:

Trading Delaware with PRC. And with NRC they are not secured at all. Whatever they have other than that is unsecured. So, you know, that is a relevant question, not so much for us in the House, but certainly it is one of the questions that I think a lot of people would like to see answered, because it is staggering in its implications and in its proportions.

I originally wondered when first it was announced, one of the questions in my mind, was why did Ataka decide to jump? Why did Ataka decide to put the matter into bankruptcy? And I could not make up my whether is that they felt they would never get their money out and so they said, well there is no point in putting more money in, and let us cut our losses and run, in effect, or whether they decided to move in in the hopes of replacing the refinery management? But having looked through the documents which were tabled, and particularly that trust agreement of October last - I think it was October 28, was it? - the draft trust agreement which had been entered into which did not become effective because it was conditional upon the mortgagees consent, and the mortgagees chose not to consent. It is obvious, I think, that the Ataka people who were in for about \$300 million at that point presumably saw no way of ever getting their money out at that stage under the way things were, and decided what they had to do was replace the refinery management. I think that they had come to the conclusion that it was the refinery management that had to go, that whatever hope there was of resolving the situation the first essential step had to be to replace the management. And that is not anything that I have dreamed up. All Your Honour has to do is look at that agreement, it is the one tabled by the minister, I do not know if there is a date on it, there must be a date on it somewhere, Sir, I think it is the 28th. of October.

MR. CROSBIE: November 4.

MR. ROBERTS: No. The 4th. of November was Mr. - I cannot read it - the Assistant Secretary of E.D.C.G. to Mr. Takagi. Apparently Mr.

MR. ROBERTS:

the Newfoundland Government are not advanced to \$300 millions. By the way, anybody who thinks the government could have kept it going, I mean the scale of losses is such it would have been complete criminal folly for the government of the Province to try to keep it going. I mean, maybe the government of the Province could take it over and operate it now. I do not know. But to keep it going under those circumstances was folly. So it is obvious, I think, that the refinery management people in the view of the major creditor had to go. That was the whole purpose of the October 28 agreement, the whole thrust of it. That is what it would have achieved. The management people, Mr. Shaheen and his associates have the right to buy it back in due course under certain conditions that are spelled out. But whether or not that is likely I do not know.

Now, Mr. Speaker, my comments on the Ataka role are brief because they are an unsecured creditor, very large, but they are not really our concern here. I have concern only to the extent that if I thought there was some evidence of any plot to change the state of the ownership I would think that would require a comment. It is a major asset in this country, or maybe a major liability in a sense, but a major industry, a major development in this Province, so of course, if anybody is plotting to do in the management I think we should know about it. But from what I have seen, and what I am told, and what the minister said, I would think that Ataka - now what I do not know and what the minister very carefully did not say, he may not know or he may not want to say was, why Ataka suddenly in October pulled the plug? It may have been because the National Bank of Chicago went in.

MR. CROSBIE: I think they all just got together.

MR. ROBERTS: Well, the Minister of Mines and Energy says they all got together. It must have been an interesting meeting when everybody sat around. I can picture it - sitting around a table, maybe like the table at which our clerks sit, Mr. Speaker. One guy said, "Well, I am in for \$5 millions. Another said, "you are a piker, I am in for \$15 millions." Somebody else said, "I am in for \$34 millions." Presumably Mr. Tagaki or whoever was

MR. ROBERTS:

speaking for Ataka said, "Well gentlemen, you can all stand aside. We are in for \$300 millions." It must have been an incredible scene. I mean if it had been in a movie it would have been like Doctor Strangelove, that incredible scene at the end.

Anyway, Mr. Speaker, what we are in for is \$42 millions. We are protected by a second mortgage. I assume there is adequate security there to cover the cost of that second mortgage. Mr. Speaker, a question which the minister did not answer and I do not know if he can answer - I am not sure he has this information - but again perhaps he could make a note and deal with it when he replies, I would like to know how much was paid out of the project to Newfoundland Refining Company Limited. I do not mean loans. We know about some inter-company loans and so forth. These are listed. Newfoundland Refining under the original agreement, Sir, were entitled quite properly to certain fees and expenses. Clause (4) of the 1968 agreement, and I do not think these were changed by the 1970 amendments, they got, as I mentioned, their supervision costs plus 100 per cent during construction. They got 5.1 per cent of the gross sales of the operating company. The operating company was Provincial Refining Company. They got 5.1 per cent of the gross sales as a sales agency fee. I would like to know as a matter of interest how much was paid out on that, please.

MR. CROSBIE: We do not have that information.

MR. ROBERTS: Well, all right. I mean the minister should have information on what was paid out during the period when the government - no, the government were never the operating company because by the time it came on stream. I notice that all of these financial statements specifically say that the 27.8 per cent of the net profits which the N.R.C. were entitled to was never paid to them. Well I assume that is correct and that that is so because of course there never were any net profits. At no point in its two years of operation did the Provincial Refining Company Limited have a profit. It made a loss in the first year and it made a bigger loss in the second year.

MR. ROBERTS:

The inter-company payments which the minister mentioned are a matter of considerable interest. I would guess they are of more interest to the trustee than to us. But since we are creditors for \$42 millions I think the answers could come out. I assume the trustee will direct his attention to this. It must be a matter of concern. There may or may not be anything wrong. I want to stress that the mere fact that one company transfers money to another company does not in itself indicate any wrongdoing, far from it. It is common

MR. ROBERTS:

in all business ventures. And I hope the clerk will tell me when His Honour is with us and I will just move the adjournment of the debate. But the minister told us, my notes show, that NPC were owed \$46 million by Shaheen National Resources. The question would be, what was that for? When was it advanced? That is important. When was it advanced because, you know, was Newfoundland Refining in a profit or a loss position when these transfers and loans were made? Why was it advanced? For what purpose? Why was it not repayable until 1985?

MR. CROSBIE: It has only cropped up recently.

MR. ROBERTS: Well, the minister tells me it has only cropped up recently. I do not argue with that. But I mean to say these are some of the questions which I think we are entitled - I am not saying the minister can answer them - but we are entitled, the people of Newfoundland are entitled to have answered.

MR. CROSBIE: The trustee is interested, too!

MR. ROBERTS: The minister just says the trustee - he certainly would, the trustee certainly would. If he is not, he is the most negligent trustee I have ever heard of.

MR. CROSBIE: The point of undue preference.

MR. ROBERTS: Well that is the whole point of it. The minister says the point of undue preference - I forget the name of the legislation but -

MR. CROSBIE: The Bankruptcy Act.

MR. ROBERTS: Yes, the Bankruptcy Act, but there is also other legislation on it which I will not go into now. But I mean these companies are not at arms length. I would think they are almost all one in the same. They have the same corporate officers, I will wager. I have not looked them up, but common officers, a common office, common purposes, common goals. I mean they are essentially. NRC and SNR are essentially one in the same company. One was a subsidiary of the other.

MR. ROBERTS:

So these are questions. Since we are involved as creditors I think we are entitled to know. The minister told us that \$17.6 million went from NRC to SNR during 1973 - these are accumulated totals, I think - \$35.6 million at the end of 1974 and \$45.5 million at the end of 1975. Those are obviously accumulated totals. You know it is a legitimate question to ask. I have no doubt there is an answer and I am quite prepared to believe the answer is a legitimate one. But I would like to see it answered. I think the people of this Province would like to see it answered. The creditors certainly will. Not only are the Government of Newfoundland creditors, Mr. Speaker, as we are, as the government are, as the people are through the government, but there are a lot of local creditors. That is a point I want to deal with. The difficulty is that I know that His Honour the Lieutenant-Governor is about to come and, of course, all business will stand aside when His Honour comes. I do not want to begin going in to develop a point now. The clerk has asked me not to move an adjournment until he indicates that we are ready. I do not want to begin another major point, Mr. Speaker, and then sort of in mid-sentence have to do - is the Governor about to come?

AN HON. MEMBER: In a matter of minutes.

MR. ROBERTS: In a matter of minutes.

MR. F. ROWE: Well, let us just sort of reassess

MR. ROBERTS: Well, my friend says I should try to recapitulate.

I thank him, and maybe I shall for a minute or two. What I have tried to do so far, Mr. Speaker, is show first of all what I believe to be this House's role, this House's concern, legitimate concern in this matter. I have not been able to get a copy of The Seven Sisters yet. The Book Of The Month Club were sold out of it. The minister obviously has preference.

PREMIER MOORES: Borrow mine.

MR. ROBERTS: I would borrow the Premier's but I am sure he would want to read it so -

PREMIER MOORES: I read it.

MP. ROBERTS: Well perhaps he would be kind enough to send it over and I will give him a receipt for it. I sent away for it and it did not come. It is probably sold out possibly because the Premier and the minister brought a copy and the Book Of The Month Club - but is is an interesting book.

MR. NOLAN: Leave it for the library debate, will you?

MP. ROBERTS: The what?

MR. NOLAN: Leave it for the library debate.

MR. ROBERTS: The library debate. There is a library committee you know which has never been set up in history, to my knowledge. But anyway, Mr. Speaker, the first thing I wanted to say was what I believe to be the House's role, the House's concern, we have the legitimate one, and I tried to outline what I saw to be the financial story of the refinery, this astonishing picture of losses that were massive to begin with and grew more massive each month. Then that led to why those losses came, or who was responsible.

MR. CROSBIE: Did the hon. gentleman ever hear the quotation, "Oil men are like cats, You can never tell from the sound of them whether they are fighting or making love."

MR. ROBERTS: I thank the minister. Does it say who quoted that.

MR. CROSBIE: Would it help the hon. gentleman if we adjourn and just wait for the Lieutenant-Governor?

MR. ROBERTS: It would very much help if we adjourn, because I do not want to go on to a major point.

MR. CROSBIE: I move that we adjourn, Mr. Speaker, and wait until the Lieutenant-Governor comes. It is hard for the hon. gentleman to make his speech when he might be interrupted any second.

MR. SPEAKER (DR. COLLINS): I do now leave the Chair briefly.

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MR. SPEAKER (DR. COLLINS): Order, please!

SERGEANT-AT-ARMS: Mr. Speaker, His Honour the Lieutenant-Governor has arrived.

MR. SPEAKER (DR. COLLINS): Admit His Honour the Lieutenant-Governor.

Your Honour it is my agreeable duty on behalf of Her Majesty's dutiful and loyal subjects, Her faithful Commons in Newfoundland, to present to Your Honour a bill for the appropriation of Interim Supply granted in the present session.

A bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March, One Thousand Nine Hundred And Seventy-Seven And For Other Purposes Relating To The Public Service."

HONOURABLE GORDON A WINTER (Lieutenant-Governor): In Her Majesty's name I thank Her loyal subjects, I accept their benevolence and I assent to this bill.

MR. CROSBIE: Mr. Speaker, I would move that the House do now adjourn and that the House do stand adjourned until Monday, April 5th., at 2:00 P.M.

MR. ROBERTS: Mr. Speaker, on the motion, I wonder if the minister in the absence of the House Leader could indicate two things; first of all will we carry on with the Come By Chance matter on Monday or do the government propose some other business; and secondly, can the minister give us any indication of whether there will be an adjournment for the Easter period?

MR. CROSBIE: Mr. Speaker, I think it is the intention of the Government House Leader to proceed with the estimates on Monday afternoon. We come back to this debate sometime again next week. We are going to propose to the House that we adjourn over Easter from, we will go until Tuesday night in Easter week -

MR. HICKMAN: That is the thirteenth.

MR. CROSBIE: - that is the thirteenth and come back -

MR. HICKMAN: The twenty-seventh.

MR. CROSBIE: - the twenty-seventh is it, two weeks from that day, because the Monday is a holiday, St. George's Day.

MR. ROBERTS: Holiday on St. George's Day?

MR. CROSBIE: Yes. So we will adjourn on Tuesday the thirteenth, and come back two weeks later, Tuesday the twenty-seventh. That is what we are proposing.

MR. SIMMONS: What department are we talking on tomorrow?

MR. CROSBIE: Mines and Energy.

MR. ROBERTS: Can we have the salaries?

MR. CROSBIE: They should be in the office. Anybody who wants one now can get one. They are in the office.

MR. ROBERTS: The Clerk has it. Thank you.

MR. SPEAKER (DR. COLLINS): It is moved and seconded that this House do now adjourn. Is it the pleasure of the House to accept the motion? All in favour "aye", contrary "nay", carried.

This House is now adjourned until tomorrow, Monday at two o'clock in the afternoon.

April 24/76

2.4/14
Mr. Smallwood to ask the Minister of Transportation and Communication for a statement showing, for each financial year since the start, the annual subsidy paid to Eastern Provincial Airways to subsidize air passengers in and out of Labrador; together with the number of passengers each year.

ANSWER TO QUESTION #414 ASKED BY THE HONOURABLE MEMBER FOR TWILLINGATE DIRECTED TO THE HONOURABLE THE MINISTER OF TRANSPORTATION AND COMMUNICATIONS AS APPEARING ON ORDER PAPER OF NOVEMBER 24, 1975

No subsidy is paid to E.P.A. or any carrier under this program. The passenger is the recipient of the benefit.

The number of family units using this service during this fiscal year to December was 2688. This program was administered by another department of Government prior to April 1, 1975, therefore I do not have any figures for earlier years.

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