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**THIRTY-SEVENTH GENERAL ASSEMBLY  
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**VERBATIM REPORT**

**MONDAY, APRIL 5, 1976**

**SPEAKER; THE HONOURABLE GERALD RYAN OTTENHEIMER**

The House met at 2:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

PRIVILEGE

MR. SPEAKER: The hon. the House Leader.

MR. WELLS: Mr. Speaker, as Your Honour was not here last week because of the flu, perhaps I should review briefly the time sequence to Your Honour so that Your Honour will be aware of what has happened.

On Tuesday afternoon or evening - both actually, Sir, certainly on Tuesday - of this past week, the hon. the member for LaPoile (Mr. Neary), in making some remarks on the Interim Supply, made allegations with respect to me, my associates in the practice of law, my wife and their wives.

At the time, Mr. Speaker, I can only say that I was stunned. I could not believe that this was happening. I do not know how I reacted or what I said. I know I made some remarks in the evening about matters, likewise on Wednesday, but on Thursday I gave notice that I would raise a point of personal privilege in this House.

Now at that time, of course, the transcripts of what had actually been said on Tuesday were not yet ready. The transcripts were finally - obviously it is quite a thick thing - made available to me and sent to my office on Friday afternoon when the House, of course, had closed. So that having reviewed the transcripts and, of course, having now had the opportunity to assess the whole affair, Mr. Speaker, as I say I am now at the first real opportunity rising to my feet to clear up this whole matter and reply to the allegations which were made against me, my associates and my family.

The gist of the allegations were, Mr. Speaker, that there are businesses known as mortgage brokers operating here in Newfoundland and that have been operating for a couple of years or whatever, and that these mortgage brokers charge unconscionable and outrageous finders fees, fees, charges of all kinds which were called by the member in speaking, rip-offs, they were called white

MR. WELLS: collar crime, they were called - well, the transcript is available to Your Honour. But every sort of allegation, even of fraud - although the member said he thought it was fraud, it looked fraudulent to him some of the things that these mortgage brokerage companies did. I think every member in the House who was present at that time will remember these allegations. They took plenty of time, you know, it was a long debate. It was not a two minute thing.

Now, the hon. member gave illustrations or listed five companies which he said were mortgage brokers. I forget the names of them. One was LeBarron, one was Continental. There were other people mentioned.

MR. NEARY: Beacon.

MR. WELLS: Beacon. There were others.

MR. NEARY: Whelans.

MR. WELLS: Whelans. I do not know these people, but anyway -

MR. NEARY: Maritime Investments.

MR. WELLS: That is the one. Now, the hon. gentleman - I make this clear, that I have the floor and I am replying to most serious charges made against me, Mr. Speaker, and I expect to be able to do so in silence.

MR. NEARY: I am only refreshing the hon. member's memory.

MR. SPEAKER: Order, please!

MR. WELLS: No refreshment is necessary, Mr. Speaker, and I want to make that point very clear at the outset.

After the list of four others, or five, whatever it was was mentioned, added to is as a mortgage broker was Maritime Investments Limited. Maritime Investments Limited, the hon. member said, was owned by Molly Wells, wife of Robert Wells; Barbara O'Dea, wife of Frank O'Dea; Yvonne Halley, wife of Raymond Halley or Ray Halley, and that the three of us, which is quite correct, were associated in the practice of law. Now that is correct. But there was one fundamental and clear error there, Mr. Speaker, and that is, that Maritime Investments Limited was not, is not, and has never been a mortgage

MR. WELLS: broker.

I will tell the House -- and, you know, when this sort of thing happens it takes a while to recover from the shock of hearing charges of this sort laid against one and one's family, Mr. Speaker -- but Maritime Investments is a small company that was incorporated, if I remember correctly, by me and my two law partners about the end of 1972 or early in 1973. It was incorporated, three equal shares, and the objective of it, which most small companies of this sort that are operated by law offices, was to be able to give an additional service to one's clients by providing sometimes monies to lend.

MR. NEARY: All this free.

MR. WELLS: There is no need for the hon. gentleman -- I made the point before, Mr. Speaker, that I will not permit interruptions. I have a right in this House to be heard in silence.

It was incorporated for the purpose of entering into commercial transactions. That was the real wish and desire of the people who incorporated it, namely, me and my two partners, to do. I think in the year 1973 we may have lent three or four small mortgages. Maybe only one or two. I cannot remember. But we did enter into commercial transactions, commercial mortgages, and that was the main concern of us who were the principals of the company.

MR. WELLS:

About a year and a half ago we decided after discussion with our respective wives, and they decided, really, that they would buy the company from us and the value of the shares was evaluated by our chartered accountants, H. R. Doane and Company, and there is no need for me to tell the House this, but I will, we each sold our shares to our wives for the evaluation that was arrived at by the chartered accountants of \$1,700, and the shares were transferred and the company has been theirs every since.

Now this company, Mr. Speaker, is not a mortgage broker. It has never been a mortgage broker. It has never ever brokered a mortgage, and by brokering a mortgage I mean going out and finding people and bringing them to someone else and saying, "here, I have now found a mortgage for you, and I want a fee for finding that mortgage." Not one. Never. It was never intended by Maritime that it should be this sort of company, and it was not.

Now there are mortgage brokers in St. John's, and the hon. member has mentioned the names of some of them. What they did or what they did not do is of no concern to me, or my wife, or Maritime Investment. They do what they like and they answer to whomever they are answerable. But I am speaking about my wife, my family, my associates, and our company.

Now I will say something else, because the law partnership of Wells, O'Dea and Halley was referred to, and there was much talk about lawyers fronting for brokers, and brokers fronting for lawyers and all this sort of thing. And I want to make something else very clear and on the record, that Wells, O'Dea and Halley has never invested in any brokerage company, no brokerage company has fronted for Wells, O'Dea and Halley in any way, shape or form. There has been no financial involvement one with the other.

So to deal with Maritime Investment, in the year 1973, as I say, there were one or two mortgages. In the year 1974, I believe, there might have been as high as four or five mortgages. And when

Mr. Wells:

we talk about the volume of mortgages in this city and in this Province, I would like to mention some comparative statistics without reading out the names of the public companies, national companies that are involved, but I want to give the House some idea, Mr. Speaker, of how tiny Maritime Investment was in this what you might call second mortgage or first mortgage field. I am not even going to deal with the trust companies they let hundreds of mortgages in Newfoundland every year. Five I have listed here of the big, what are called, finance companies. And I have a list here, and I will not read their names, I want no embarrassment to people who are doing legitimate proper business which is their right to do in Newfoundland. But one I see here for the year 1974-1975 from the Registry of Deeds, 362 mortgages, another 281 mortgages, another 380 mortgages, another 540 mortgages, another 479 mortgages, and so we go.

But all right, one might say, that is the big national finance companies in their mortgage business. And by the way these finance companies charge fees - or not fees, rather, but interest rates, and this is their right, anywhere from 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, or 24 per cent which they are allowed to by Canadian Law. But if anyone says, look these are a different deal, these are regulated by the Federal Government, you know, we are not concerned with them, we are concerned with the smaller company. Then I have examined four or five other companies which are the same sort of companies operated by lawyers or their associates in St. John's, and I will not mention their names either. There is no reason why their names should be dragged into this House of Assembly. But for these two years, sixty-seven mortgages, one hundred and six mortgages, twelve mortgages, ninety-seven mortgages, one hundred and one mortgage, sixty-four mortgages.

Now let us look at Maritime. How many mortgages in these two great halcyon years, how many residential mortgages? And I am not speaking of commercial transactions, There were commercial transactions, which is the right of this company to make.

Mr. Wells:

All of its commercial transactions practically were with companies far larger than itself, and no one is suggesting that they need protection of this House or anybody. But of

MR. WELLS:

residential mortgages in these two years, how many of Maritime? Thirty-one, Mr. Speaker, thirty-one residential mortgages. I am going to say something to the press too who are here reporting this. I would ask the press to pay particular attention to what I am going to say about the activities of Maritime. Now I do not blame the press ever for reporting what is said in this House. It is not only their right to report it, Mr. Speaker, it is their duty to report it. But the result of that right and duty was that on Wednesday morning last when I - I did not have to open The Daily News - on the front page of The Daily News was my name, my partners names, the names of their wives, all listed, and the report of this House that they were white-collar criminals, or to the effect, rip-off artists and the headline, "Steve Lifts The Lid." Great stuff, Mr. Speaker, but as I say I am not blaming them for reporting it. That is their duty. But I would ask them something. I would ask them to give front page to what I say today, because my good name and that of my family and my associates has obviously had to be impaired in this Province wherever the papers and the radio went. I ask them to give front page to this that I am saying today also.

So there is the relative size of the companies involved, and what does it show, Mr. Speaker? It shows that in terms of residential mortgage, Maritime Investments Limited is among the tiny ones. This company which was called a broker, called a rip-off artist and the people in it, the tiniest and not a broker at all. Now, who are the people in it? Let us get this out, Mr. Speaker. The people in it are the wife of Robert Wells, Molly Wells, who is an ordinary housewife who has lived as my wife in this community now for about eighteen years and as far as I know has wronged no one. That is one name. The other names are Frank O'Dea, son of Mike O'Dea from the Southern Shore, graduate of the University of Dalhousie in law, an athlete, and a decent, honourable person who has practiced law now for nearly ten years in this Province; his wife, Barbara O'Dea.



MR. WELLS:

Her father is John Flynn from Old Petty Harbour Road, one of the most respected families in the whole West end of St. John's, a graduate of university, a schoolteacher for the Roman Catholic Board of Education here in St. John's with a decent, honourable life in every respect. But not last week. Last week she was part of white-collar crime, a rip-off artist, Mr. Speaker.

MR. NEARY: The minister is saying that -

MR. WELLS: The minister wants no interruptions from that source, Mr. Speaker.

MR. NEARY: Do not be so cowardly, boy.

MR. WELLS: The minister will have his say.

MR. NEARY: If you are going to quote me, quote me accurately.

MR. SPEAKER: Order, please!

The hon. gentleman has the right to be heard in silence and has specifically stated that he wishes that right to be observed.

MR. NEARY: I have the right to be quoted correctly too, Your Honour.

MR. WELLS: Rip-off artists, I said, rip-off artists. Raymond J. Halley, son of Raymond Halley who was until his death a few years ago the office manager at City Hall, a noted athlete in his time; and Ray Halley and Yvonne Halley, who is a technician who works part-time at the St. Clare's Hospital, decent, honourable members of this community labelled rip-off artists.

MR. NEARY: By whom?

AN HON. MEMBER: You.

MR. WELLS: By speeches in this House of Assembly.

MR. NEARY: By whom?

MR. WELLS: By the hon. member who lumped everybody together.

MR. NEARY: Make a charge.

MR. WELLS: I want no charges. I, fortunately, Mr. Speaker, can deal with what was said outside this House, and we can all deal with it in another arena, and that will be done, too. But everybody was lumped together, white-collar crime, rip-off artists. I sat here and took that the other afternoon and every eye in the House riveted -

MR. NEARY: Do you think you are guilt free?

MR. WELLS: Mr. Speaker, the hon. member has been instructed by you, Sir, to keep quiet while I make my remarks.

That is what happened in this House of Assembly which I felt and do feel, Mr. Speaker, was a terrible abuse of this House. But that is not for me to judge. Now I want no punishment. I am moving no motion. I do not want to see anybody done anything with.

MR. NEARY: No rules have been broken.

MR. WELLS: Mr. Speaker.

MR. SPEAKER: Order, please!

MR. WELLS: That is not the point. The point is to clear the name

MR. WELLS: of myself, my family, and my associates and their families before the people of this country and before the members of this House. What those who would cast doubts about, me, my family and associates think I care not, Mr. Speaker, but I want the decent, honourable people of this country and in this House, wherever they sit, to understand the position.

Now let us consider what Maritime has done by way of residential mortgages. Maritime and the others were twenty per-cent straight across the board, Mr. Speaker, twenty per-cent straight across the board. Well I have had H.R. Doane and Company who are the accountants to Maritime Investment Limited and an international and highly reputable firm of chartered accountants go through every residential mortgage transaction that the company has entered into and here are the results.

The total residential mortgages were about thirty-one or thirty-two, at present outstanding on the books are twenty-eight residential mortgages. Of these twenty-eight residential mortgages, seven of them no bonus of any kind whatsoever, seven, no bonus. Of the twenty-eight mortgages, fourteen, bonus eight per cent average, eight per cent average bonus charged on the mortgage. Three in the area of fifteen to twenty per cent bonus, which were very high risk mortgages, and one at slightly over twenty per cent where there was an incredibly high risk, no equity at all in the property, and the person concerned was a friend of one of the members of our firm who said to him, "Look, I know and I am prepared to pay this sort of money because there is a high risk and no equity but I want you to do that to help you do it," and it was done on a friendship basis for that person.

Now that is the record, seven mortgages no bonus, fourteen mortgages eight per cent bonus, and then four others of a higher bonus. And what were the interest rates, Mr. Speaker? They varied from a low of twelve per cent to a high of twenty per cent on one only, and the one that had the twenty per cent interest rate had no bonus at all but was interim financing for a person for three

MR. WELLS: months, agreed and accepted and understood at three months interim financing at twenty per cent for a total interest payment of \$150. And all our rates, the interest rate, as I say, a low of twelve per cent, and Maritime borrowed this money that it lent out and had to borrow at a rate of about fourteen per cent for the money. So what was happening? What was happening was quite clear. The amount of money or the amount of worth in these silly little mortgages, if you like, for Maritime was pretty low. So there is the mortgage portfolio of this great company that is ripping off Newfoundlanders, white collar crime, the sky is the limit, finders fees the sky is the limit. This is the company, Mr. Speaker.

Let us go on further. This company has never charged, I am told by the accountants, any late payment interest on any mortgage that it ever let and went into arrears, never charged anything when a mortgage went into arrears, never. There are some of these mortgages in arrears. This company has never foreclosed on anyone, never tried to sell under the Conveyancing Act anyone's property, and when a mortgage went into arrears they just let it go in arrears and did not charge anything because of it. But this I think is the most interesting statistic of all, Mr. Speaker, this company that is ripping off Newfoundlanders, the white collar criminals, for the year 1975, its big year, Mr. Speaker, the year when all the mortgages I suppose out of the thirty-two or thirty-three total, in 1975 I suppose twenty-five, twenty-six were let, the big year. The accountants tell me this morning, and they have been working on the statement of the company on residential mortgages over the weekend and finished it one o'clock today, the accountant tells me that of this company for the financial year ending October 1975, the end of October 1975, the approximate income before tax of this company, this rip-off, this great company on residential mortgages, the income on residential mortgages, \$2,500.

Mr. Wells:

I would like to see that on the front page, gentlemen in the press. The corporation pays a corporate income tax of 28 per cent, 28 per cent, You deduct the income tax from the \$2,500, you have an after tax income \$1,800, split between these three ladies who own this company equally, \$600 apiece.

MR. NEARY: How about the legal fees?

MR. WELLS: The legal fees were legitimate legal fees that went to the law firm that did the work, and there is nobody complaining about them.

MR. NEARY: Now tell us about LeBarron?

MR. WELLS: LeBarron is another matter. LeBarron has nothing to do with me. And, Mr. Speaker, I have warned the hon. gentleman, I have a right to be heard in silence, and Your Honour has warned him. My wife has nothing to do with LeBarron, nor any of these views.

MR. NEARY: Your law partner does.

MR. WELLS: Mr. Speaker, this hon. member is offending against this House.

MR. SPEAKER: Order, please! I must point out to the hon. gentleman, as he knows, as all hon. members know, that every hon. member, including the hon. gentleman from LaPoile (Mr. Neary) and obviously all of us, all members have the right to be heard in silence, and certainly when it is explicitly, specifically stated that they wish that right to be observed, then every hon. member must observe it.

The hon. Minister without Portfolio.

MR. WELLS: There is the story of Maritime Investments Limited as prepared for and given to me by H. R. Doane and Company, one of the most reputable firms of chartered accountants in Canada.

Now, as I say, what has been said about me, my family and my associates, fortunately also it was said outside of this Chamber and it can be dealt with in another place. But I suppose any thinking person, any thinking member of this House when he stops and thinks about it can imagine some of the hurt that has been caused by the things said last week in this House, and that went beyond this Chamber.

Mr. Wells:

There is the story as prepared by H. R. Doane of Maritime Investment - \$1,800 after tax income from residential mortgages in their big year.

And so, Mr. Speaker, as I say, I ask for no penalty on anyone. I simply ask that the activities of this company, my family and my associates, if they are to be dragged into the House, that the truth and the clear picture be known by this House and by the people of Newfoundland. Why this happened, I do not know. I have my thoughts, one cannot impute motives, but I would say to the members of this House, on both sides, think about this. This is something to think about. Because last week there were savage attacks came to this side of the House, not to all of this side of the House, but to this front bench here, attack on my hon. friend, the Minister of Mines and Energy and his law partner, Fintan Aylward, a man who sat in this House; attack on the Attorney General, savage attack.

What is happening in this House, Mr. Speaker?

MR. NEARY: All within the rules.

MR. WELLS: What is happening in this House? Rules or no rules? What is happening in this House? Attacks also on my hon. friend, the Leader of the Opposition. He is a lawyer. He is not practicing. Is that the reason the attacks are being made? Is it because we who happen to be getting the brunt of the attacks are lawyers? I do not think so, Mr. Speaker. I do not know. But I would ask hon. members in this House to give some thought to what is going on. Has it anything to do with three by-elections that are going to be held some time in the future? I do not know. But members in this House have got to give some thought about what is taking place in this institution. This is the people's House, and in it are people who are elected to represent their peers, their fellow citizens of this Province. And something, Mr. Speaker, is going seriously wrong. Political attacks are nothing new in Newfoundland. There are members sitting in this House today, and we have all heard them, who have received savage attacks both inside and outside of this House in recent years. Savage attacks on every aspect of their character, their dealings,

Mr. Wells:

everything. And all I say to members of this House, Mr. Speaker, is it is time that we shed the dark hand of the politics of the past and the politics that seems to have come up from Newfoundland's history whose major effort seems to be to destroy and discredit people rather than to deal with the issues which this Province needs so greatly to be dealt with.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: To that point of privilege, Mr. Speaker. First of all, Sir, I want to say that it is rather unfortunate indeed that the gentleman that just took his seat took this whole matter that I was trying to bring out into the light of day, took it as a personal affront to himself and his family. Because, Sir, I would like to remind the hon. member, Mr. Speaker, that when he recorded his conflict of interest statement that is compulsory under the rules of this House last year, or for this past year, he showed Maritime Investments, a company that was formerly owned by the hon. gentleman - and I have the document here from the Registry office to prove it. It was formerly owned by he and his two law partners - that he publicly stated that he had transferred that company to his wife. The minister nods and says, "Yes, that is true." So, Sir, what I was quoting in this hon. House, what I was making was a statement of fact.

Mr. Speaker, the remarks made by the hon. gentleman - if an hon. member of this House, Sir, quotes another hon. gentleman he has to quote that hon. gentleman correctly. I submit to Your Honour that the hon. member who just spoke quoted me incorrectly. I mentioned his firm, and I make no apologies for that, Sir. That is a matter of public record. I mentioned his firm incidentally, and to underline a principle, Sir, and it is completely irrelevant, Mr. Speaker, the amount of business that that particular firm did in 1973, '74, or '75. It was the principle of the bonusing, charging finders' fees and other sundry charges that I was zeroing in on.

I thought I made it quite clear, Mr. Speaker, in this hon. House that it was other companies, and not the minister's company, or the company that the minister was associated with. I said inside and outside of the House that what this company did was not illegal. The minister must remember that. So all the remarks and all the figures that have been dragged out here now, Sir, are merely a red herring. If I hurt the minister's feelings, Sir, well, I am sorry about that. But, Mr. Speaker, I broke no rules of this hon. House.



MR. NEARY: The minister and his colleagues and the Leader of the Opposition and his colleagues were in this Hon. House when I spoke for two days. The Chairman of Committees who was sitting in the Chair did not bring me to order on one occasion. The minister himself did not bring me to order, neither did any other gentleman in this House stand on a point of privilege, whether it was personal privilege or on a point of order. My debate, Sir, was completely within the rules of the House.

Mr. Speaker, as I indicated, it was the principle that I was opposed to. And, Mr. Speaker, in reference to some of the companies, and not the company that the minister is so touchy about, in the case of some of the companies, Sir, I said, and I repeat, that I think that some of the things that they did were criminal.

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

I should point out to the hon. gentleman that in speaking now he is not allowed to debate any substantive matter which is at issue or on which there might be differences of opinion. The hon. minister rose on a point of privilege to give an explanation with references to things said about him, and the hon. gentleman in speaking, presumably, is speaking because he feels what he said may be, may have been, or may be misinterpreted or misrepresented, or in general, upon the remarks of explanation by the hon. minister. But a substantive debate on any matter on which there is dispute would be out of order now.

MR. NEARY: Mr. Speaker, the minister completely misquoted me, Sir. I have Hansard as well as the hon. the minister and the minister said he was not going to ask for any penalties. Well, Sir, why should the minister make that kind of a statement when the hon. minister knows that no rules of this hon. House had been broken?

MR. NEARY: So therefore he is not doing me any favour by saying he is not going to ask for penalties.

Mr. Speaker, today I took it upon myself to write the Secretary of the Newfoundland Law Society, because Sir, as always happens in this kind of a controversy, in this kind of a debate, that sometimes the innocent have to suffer for the guilty, whether you are guilty by association or not, it does not make any difference. I wrote the Secretary of the Newfoundland Law Society asking the Newfoundland Law Society to appoint a committee within the Law Society to investigate this whole matter of finders fees, bonuses, high interest charges, the relationship between the law firms, the individual lawyers and the brokers. The minister says they are not brokers; I say they do the work of brokers. The relationship between the lawyers and these firms, whether you call them investment firms or brokers, and I do hope, Sir, and the reason I wrote the Law Society to ask for this was that, and if they have any sense they will do it, was so that the names of those who are acting in a dishonourable fashion, or the names of those that - let me put it a positive way, Sir; the names of those who are acting in an honourable fashion and an honest fashion will have their names cleared, and everybody will not be tarred with the same brush.

So, Mr. Speaker, I think that I have done a service to the people of this Province. I am quite prepared, Sir, to see the thing through to the end. I have some documents obviously that I cannot talk about right now because it would fall within the realm of debate but I have one I might tell the hon. gentleman that I have one disbursement form here dealing with his own company which shows \$400 Maritime Investment Limited appraisal fee, investigation fee service charge, and \$400 to LeBarron Mortgages Limited bonus, and \$400 to an individual for a total loan of \$4,800. A rose by any other name, Sir, smells just as sweet, and I do not back off one iota

MR. NEARY: from the speech that I made in this hon. House the other day. It is a cancer upon our society, Sir, and something that has to be cleaned up, not the minister. I regret very much that the minister -

MR. SPEAKER: Order, please! Order, please! I must point out to the hon. gentleman again that this is not the time for a debate on any substantive matter which might be at issue.

MR. NEARY: Sir, it is not the question of how much business Maritime Investment did in the last three years, it is the principle of the thing. I say it is wrong. The minister is entitled to his opinion, and the public will judge accordingly, Sir, in my opinion.

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Minister of Forestry and Agriculture.

MR. ROUSSEAU: Mr. Speaker, I have a couple of statements here, the first one may seem insignificant to certain members of the House but I am sure if the hon. member for St. George's (Mrs. H. McIsaac) was here, and other hon. members who represent farmers in the area would be interested to hear that during my recent visits to the various areas in the Province involving farming, I was met with a number of complaints of the farmers in the area about the slow process in paying capital assistance payments and I undertook at these meetings across the Province to have these payments forwarded as soon as possible.

I am pleased today, Sir, to announce that the invoices are now being processed and it is expected that they will be in the mail by Thursday afternoon or Friday morning of this week. Thus all farmers should receive their payments by the end of next week at the latest.

These payments, Mr. Speaker, relate to the land-clearing bonuses and the Capital Assistance Programmes instituted by government over the past couple of years. The total amount involved is \$204,000.00 and it represents ninety applications.

Mr. Speaker, I have another statement here that I would like

MR. ROUSSEAU: to make. Over the past few years this government has intimated a policy of "local preference" applying to certain aspects of public works and goods manufactured in this Province. This "local preference" while never really definitely stated, has been generally accepted as applying to tenders and purchases by Government. It appears that this policy, on a number of occasions, has been the subject of some confusion in its application.

I am pleased today to publicly affirm this government's firm intention to grant a local preference to suppliers of local products on tender to the Government of Newfoundland and Labrador under the following conditions:

- i) a preferential rate not more than ten per cent higher than the lowest tender meeting the required specifications;  
and
- ii) this rate applies only in respect to products wholly or mainly manufactured, grown or produced in this Province, provided these products of course meet with the prescribed tender specifications.

Mr. Rousseau:

Clear direction has been issued to the Government Purchasing Agency in respect to this policy.

It is also Government's intention, in exceptional cases, to consider a higher preferential rate on an individual basis to ensure maximum benefits to producers in this Province. Government has requested all Government agencies to consider the application of a similar preferential rate for all purchases made by these agencies.

I am particularly pleased, Mr. Speaker, as Minister of Forestry and Agriculture to make this announcement as this policy will apply to lumber and agricultural and dairy products produced in the Province. I hope this policy will be of value to people producing these products.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for Twillingate.

MR. J. R. SMALLWOOD: I would like to ask the minister whether this rule, this decision by government applies across the board to all kinds of products or - because he is Minister of Agriculture and Forestry, and he is not only speaking only for agricultural and forestry, I take it, but for the government as a whole, with regard to all purchases by the government or its agencies. When Confederation came, within a few months of its coming there was an Order in Council passed giving a preference of, I think, 15 per cent on all goods to be bought by the government or any of its institutions or agencies, 15 per cent over and above the lowest price of an imported article, that is to say, imported from any other part of Canada, if imported is the right word, or imported from any other part of the world, provided the local article was not to cost more than 15 per cent above the lowest price quoted on a brought-in article than the local article was to get the preference. Is that what I understand the minister now to have announced, but at a rate of 10 per cent preference rather than 15 per cent? And if he is kind enough to reply, will he tell me how new is this? How long is it since the 15 per cent preferential rate was dropped, so that this now is brought in? I know that up to the time my administration went out of office the 15 per cent rule continued,

Mr. Smallwood:

I believe, There was always a preference on the local article bought, manufactured, grown, produced within the Province of 15 per cent. That I take it went by the board, and now it is brought in again but at a lower rate. I congratulate the government on this decision. I approve it heartily. I agree heartily. I am a little surprised to know that it has to be brought in, I thought it was the law all along.

MR. SPEAKER: The hon. Minister of Forestry and Agriculture.

MR. ROUSSEAU: The reason it was brought in, Mr. Speaker, was because there were some - it was never definitively stated, it was inferred and so on mentioned, but this is the first definitive statement to my knowledge that have been made on this topic.

I spent a year and a half in the Department of Public Works and Services, Mr. Speaker, and I was not aware of any preferential treatment by any previous government, as I understand it when we brought one in by Minute in Council which was never stated, that was the first time preferential treatment had been given. I remember being questioned last year, and we were sort of suggesting, nobody wanted to be tied down by it, but the statement has never been made. Now it is clearly, unambiguously, unequivocally made that that is the government's position. I make it as Minister of Forestry and Agriculture mainly because of my concern with agricultural and dairy products and lumber. And as a result of that the statement, if I may read it again for the hon. member, "A preferential rate not more than 10 per cent higher than the lowest tender meeting the required specifications; and this rate applies only in respect to products wholly or mainly manufactured, grown or produced." So it does not only apply to the department. The reason I am making the statement is because I had brought the paper -

MR. SMALLWOOD: If the hon. minister will permit, because if he sits down I will not be allowed to add any comment. But the hon. minister might bear in mind that at the coming of Confederation the Government of Canada put a preferential rate on in their purchases

Mr. Smallwood:

in this Province, the new Province, Of anything they bought they would buy it in Newfoundland at a preference, I think, it was 20 per cent, and I think it was for three years. And it was around that time that the other preferential rate of 15 per cent was made permanent on purchases by the Newfoundland Government.

MR. ROUSSEAU: As I say, Mr. Speaker,

MR. ROUSSEAU: to my knowledge there was never a preferential rate, and the preferential rate that we had introduced and had not made a public statement on, is, I hope, today when I say that it is a public affirmation of this government's firm intention that there be no ambiguity at all in respect to this preferential rate applying to all products wholly or mainly manufactured, grown or produced in this Province. As I say, particularly in my instance, I am very pleased because of the lumber, and agriculture, and the dairy products and I hope it will be of value to the people of this Province.

PETITIONS

MR. SPEAKER: The hon. the member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to present a petition on behalf of 479 residents of Isle aux Morts in the district of LaPoile. This community, Mr. Speaker, depends upon the local fish plant, Nelpack Fisheries Limited, which is owned by BC Packers, for employment.

For the past several years, Sir, the plant has been operating for approximately two and-a-half to three months out of a year, processing only herring. In spite of a healthy DREF grant, Mr. Speaker, that was given to Nelpack a few years ago to provide refrigeration and ice making equipment, ice making machines and for other improvements, Sir, I understand from people in the local area that the machine for ice making has never been used, and yet, Sir, my understanding of DREF grants is based upon a number of jobs, permanent, that are supposed to be provided.

The petition is signed, as I say, Sir, by 479 residents of the community of Isle aux Morts and asks the provincial Minister of Fisheries to discuss with the owners of Nelpack, BC Packers Limited, the possibility of 100 per cent utilization of their facilities on a year-round basis through processing additional types of fish, groundfish, for instance,



MR. NEARY: which could be brought in by draggers provided either by the company itself or through the good offices of the Minister of Fisheries.

In this connection, Mr. Speaker, I would like to congratulate the Minister of Fisheries for taking the initiative in the case of Rose Blanche and Burnt Islands and point out to the House that already two sixty-five foot draggers are in the area providing fish, codfish, to both Burnt Islands and Rose Blanche alternatively. I forget the names of the draggers now. There is something Lance -

MR. W. CARTER: The Sand Lance.

MR. NEARY: The Sand Lance and another one of these new draggers. And the people are delighted. The morale of the people down there has gone up tremendously, and the minister is to be congratulated. I hope that through his good offices that the minister will be able to also persuade Nelpack Fisheries to either get draggers themselves - the minister and I attended a meeting in Isle aux Morts recently where this matter was discussed. It is a very important matter to the people in that community, Sir, and they are looking for an opportunity to be able to earn a living on a year-round basis. They are looking for a way for that plant to provide full employment rather than the 75 per cent of the year spent on unemployment and welfare benefits.

I will just read the prayer of the petition, Sir. It is a petition to the hon. members of the Newfoundland House of Assembly, Confederation Building, St. John's, Newfoundland.

"WHEREAS Nelpack Fisheries Limited, Isle aux Morts, is only operating three to four months each year processing herring and, WHEREAS the capacity of this modern, up-to-date plant with its refrigeration and ice making equipment is able to handle all species of fish and, WHEREAS there is high unemployment in Isle aux Morts and surrounding area, THEREFORE BE IT RESOLVED that the Government of Newfoundland through its Department of Fisheries immediately look into the possibility of using at least two draggers capable of supplying this plant with enough fish to keep it

MR. NEARY: operating on a year-round basis that would create full employment in this area."

It give me great pleasure, Sir, to support the prayer of the petition and ask that it be placed upon the table of the House and referred to the Department to which it relates. Again, Sir, it is signed by 479 people. That is just about every voter in the community of Isle aux Morts. It is signed by every voter except my opponent in the last election who refused to sign the petition. Everybody else signed it.

MR. SMALLWOOD: Which opponent?

MR. NEARY: The PC opponent in the last election.

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, I rise to support the petition and to maybe give a little background in what action we have taken and are trying to take with respect to the problem that exists in Isle aux Morts effecting as it does the 497 petitioners who have signed the petition.

I should point out to the hon. member and the House, Mr. Speaker, and this is a very little consolation, I am afraid, to those 479 people, but the problem that exists in Isle aux Morts is not too different from that which exists in other parts of the Province in that a large number of fish plants are under utilized. They are operating at very much less than their real operating capacity for want of additional raw materials. But I should point out to the member, Mr. Speaker, and to the House and maybe to the petitioners that we have started negotiations with respect to obtaining for BC Packers Limited additional catch capability.

Last week I met with a delegation from Harbour Breton at which time we discussed the need for additional trawlers to service the fish plant in that community. Subsequently my deputy minister has had discussions with officials of the BC Packers Company and with the principals of another large fish processing company with a view to trying to negotiate maybe a transfer or on a lease basis a couple of trawlers from the latter company. But certainly I can assure the hon. member, Mr. Speaker, and his constituents that every effort is being made by my department to accede to their request and to find a way to resolve this very, very serious problem.

MR. SPEAKER: The hon. member for Fogo.

CAPTAIN WINSOR: Mr. Speaker, I am sure I speak for all members on this side, Sir, when I support on their behalf the petition presented by the hon. member for LaPoile (Mr. Neary). I would say, Mr. Speaker, there is no place that I know around Newfoundland

CAPTAIN WINSOR: that is more deserving of all the facilities that are required and necessary to enable that group of fishermen to make a decent living for themselves and their families, because Sir, they are the real dog fishermen.

I recall while serving on the Gulf service there from Port aux Basques to Sydney, in the morning during the Winter season when you would have to get out and scum your ship through those boats from Isle aux Morts and Port aux Basques and other areas there. It would make you feel as if, you know, you would want to stop your ship and take them all on board. The weather conditions that those fishermen were fishing in appeared many times to be, to me at least, not fit for an ordinary human being to be out on the oceans. But nevertheless they continued fishing, and then again in the evenings when you tied up at Port aux Basques those fishermen would come in in their small boats, get on the dock-side and chop bait for the next morning's processing. And the next morning at three or four o'clock in the morning, it made no difference what the weather was like unless it was blowing a hurricane, those fishermen were out there. And they are still doing it today. And it surprises me, Mr. Speaker, that, you know, they are only processing herring there. What has happened to the cod? Are they shipping the fish or selling the fish to the plant at Port aux Basques?

MR. NEARY: No, they do not catch it.

CAPTAIN WINSOR: They do not catch the cod.

MR. NEARY: They disappeared when the herring seiners came.

CAPTAIN WINSOR: It is surprising to me. Mr. Speaker, I certainly support, and I am sure all members on this side support that petition, and as I said previously whatever there is to be done to provide the necessary facilities to enable those fishermen to earn a decent living, then I think this government, and not only this government, but this government should also encourage the federal government to provide them with the facilities that is so needed.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, I heartily support the petition itself and I welcome warmly the indication by the Minister of Fisheries that he has already been up against this problem, that he is familiar with it, and that he has been taking some steps to provide a remedy. And at the same time

Mr. Smallwood:

I would like to express a little surprise, though I suppose I ought not to be surprised, over his statement that one of the greatest corporations in this Canadian nation, namely BC Packers, British Columbia Packers, would look to the government of this little Province, or any government, for help in getting a couple of draggers to operate in and out of that place. BC Packers are a very great company. I think it is a bit of a toss-up between BC Packers and Canadian Fishing Company because they are both very great companies, although the Monroe Company now with thirty-odd - what is it? thirty, forty?

MR. W. CARTER: Thirty-seven.

MR. SMALLWOOD: Forty-seven draggers -

MR. W. CARTER: Thirty-seven draggers.

MR. SMALLWOOD: Thirty-seven draggers - is surely one of Canada's great fishing companies, and God knows, and if God does not, I do, I know how much they have sought help from the Newfoundland Government, and how much help the Newfoundland Government had given them, because there were times when that company was completely bankrupt. They were bankrupt up to, but not including the point of being declared bankrupt. And the one who could have declared them bankrupt was the Government of the Province. And instead of declaring them bankrupt and closing them, they poured in a few more millions to keep them going. Thank God we did, because they are a great company, and the Monroes and Mr. Etchegary, for whom I have boundless respect, are great Newfoundlanders, they are great people. And it has been a wonderful thing that they were not allowed to go down the drain, that they are not pushed into insolvency, with the result that today they employ thousands of our Newfoundland people, and they add millions to the wealth of our Province. But it is a little shocking, I find it to be just a little staggering, to think that BC Packers, one of the great corporations of Canada - it was one of the H.R. MacMillian companies. MacMillian-Blodel was the great company of H.R. MacMillian, but BC Packers was another of his great enterprises - that that company, operating a fishing plant in Newfoundland, and just operating three

Mr. Smallwood:

months a year producing herring, and the whole community there for nine months of the year - imagine! out of every twelve months, nine months there was no fishing activity going on, all through the lack of a twelve month operation that plant which BC Packers, of all companies, are well equipped to perform. I wish the minister every possible success, and I wish my hon. friend from LaPoile (Mr. Neary) every possible success, in getting the fishermen described by the hon. gallant member from Fogo (Capt. Winsor) out of his own personal knowledge, which extends a way back beyond and earlier than that of its present sitting member, the magnificent men who are involved. So I wish them all the best of success.

MR. SPEAKER: The hon. member for Burgeo-Bay d'Espoir.

MR. R. SIMMONS: Mr. Speaker, I would just like to speak in support of the petition presented by the member for Lapoile. His district and mine are in proximity as you know, and have a fair amount in common, in particular,

MR. SMALLWOOD: They are contiguous, are we not?

MR. SIMMONS: That is another nice word, Mr. Speaker, which I shall learn to use, "contiguous". "Contiguous", I am told it is now. Well, whatever, Mr. Speaker, near each other, cheek-by-jowl, rubbing shoulders, looking at each other across the fence, and having in common, Mr. Speaker, in particular, a year-round fishery, year-round in theory, year-round in potential, unfortunately not year-round in fact, largely because of the failure on the part of companies to fully utilize their facilities, and the failure on the part of a number of agencies, including government, to see to it that these plants have adequate catch capability.

I would like to support the petition, Mr. Speaker, because Isle aux Morts, as well as the communities of Burgeo and Ramea in my district where there are also plants, and also the other communities that we might mention, including McCallam and Francois in my district in my district, are among the relatively few communities in this Province which are in a position geographically to get itself involved in a year-round fishery. The weather is suitable, the run of fish is there

MR. SIMMONS: is suitable, the run of fish is there, and all is required is the catch capability, the additional trawlers. And I would delight, as I do right now, in giving my hearty support to the petition from the 479 residents of Isle aux Morts. The minister in responding referred to the delegation from Harbour Breton, which used to be in my district. I could at this point, Mr. Speaker, get tongue-in-cheek and ask him whatever for, or whatever there was a delegation for, because by my count now, and I stand to be corrected, but by my count at the moment there should be eight and six, fourteen trawlers in Harbour Breton, fourteen additional ones as committed by the Premier in 1971 and 1973. And perhaps the simple answer to the prayer of the petition presented by my friend from LaPoile would be to take four or five of these trawlers that must be sitting there in surplus, thanks to the Premier, and put them over in Isle aux Morts.

MR. SPEAKER: The hon. member for Fortune-Hermitage.

MR. J. WINSOR: I rise to support my hon. friend's petition, having had a fair amount of experience on the same coast, and I have been telling Newfoundland in fact on radio broadcasts that it is the only coast that runs twenty-four hours a day, 365 days in a year. And the inshore fishermen are not out twenty-four hours a day, but the trawler men are and they only have a little break in Christmas. It is tremendous how much fishing goes on on that coast, and a remarkable breed of men. When my hon. colleague, the member for Fogo (Capt. Winsor) mentioned seeing them out there in weather that you would not believe, I have also seen them. It is really unbelievable. One minute you see the dory, the next minute you do not. That is the kind of weather they fish in.

I would like to congratulate the Minister of Fisheries for his effort to try and get more trawlers for BC Packers operation in Harbour Breton, seriously needed. Only half of the labour force working there because they do not have enough trawlers. Running fish plants these days is a real can of worms, and a trawler operation is certainly not a profitable one in itself, and BC Packers have refused religiously to come to government and ask them for any help. They do



MR. J. WINSOR: not really need it. They really do not want to operate the trawlers because it is unprofitable, and I think they are only doing this because of the pressure brought to bear by the Department of Fisheries for which they are to be congratulated. As I said, fisheries today is a very difficult proposition for anybody to control or handle. Even a small war is going on according to the CBC between the different types of fishermen inshore. This report that came from Hermitage Bay was much exaggerated. In the twenty-four years that I have been there I have never seen any fishermen down there fall out with any other fisherman because he fished on his grounds. A net was accidentally picked up on a small stern trawl, and they knew who it was. There was no row over it that I know of, and I checked immediately with my hometown, Gaultois. There was nothing went on there and I doubt very much if anything went on in Hermitage. It was slightly, if not a little more than slightly, exaggerated.

I have much pleasure in supporting the petition of the hon. gentleman from LaPoile (Mr. Neary).

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The hon. member for Bellevue.

Does the hon. gentleman have leave to revert to petitions?

SOME HON. MEMBERS: By leave.

MR. SPEAKER: The hon. member for Bellevue.

MR. CALLAN: Mr. Speaker, I beg leave to present a petition on behalf of the residents of the communities of Hillview, Hatchet Cove and St. Jones Within, in the district of Bellevue. This petition, Mr. Speaker, contains 334 names. The number of voters of these communities totals 363 at the last count, so the number of names on the petition is almost equal to the number of voters.

This prayer of this petition, Mr. Speaker, I will read, as follows: "We the undersigned, citizens of the communities of St. Jones Within, Hillview, and Hatchet Cove hereby protest the treacherous road conditions of the twelve mile stretch of highway from the Trans-Canada Highway to St. Jones Within."

MR. CALLAN: Now, Mr. Speaker, not only is this petition protesting the conditions of the road as they are now, because we are all aware, I am sure, that in any community, or in any area of the Province where the road has not been reconstructed and has not been paved, then, of course, during this time of the year naturally the road is in a bad condition. So this petition is not only asking that the road be temporarily repaired, but it is also asking that something constructive, something lasting will be done with this road during this coming Summer and, of course, Spring, Summer and Fall.

The first thing that needs to be done, of course, is reconstruction, taking out the bog and so on and putting the road in such a condition that perhaps in another year the road would be in such a condition as to allow pavement to be placed there.

The road, as I say, right now is in a deplorable condition. However, a delegation who presented this petition to me this morning in person, did meet with some Highways officials, or officials in the Department of Transportation and Communications in the absence of the minister, and we got the point across, of course, that probably not enough is being done to bring the road up to standard right now. Also, of course, the message was left that it is hoped that when the estimates are brought down, and when decisions are made regarding reconstruction of roads and the paving of roads, that the decisions will be made, not along political lines, not for political reasons, but for reasons of priority - the number of communities involved, the number of cars and trucks depending on that road and what have you.

Mr. Speaker, I thoroughly support the prayer of this petition and I ask that this petition be tabled and referred to the department to which it relates.

MR. SPEAKER: The hon. the member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, I rise to speak very briefly indeed in support of the resolution of the petition presented by my

MR. SMALLWOOD: honourable colleague. I have to say, if I am going to be candid and straight about it, that if there is one hon. member of this House who merits my pity and the pity of all of us, it is the Minister of Transportation and Communications, the position that was always known as Minister of Highways.

Added to the trouble there is every year around this time of the year when the frost comes out -you get some rain, you get some melting snow-added to that this year is the frightening - at least to me frightening, it does not seem to be frightening to very many others-but to me a frightening shortage of necessary funds to cope with these terrible problems. However, I hope that the minister will do whatever is in his power to remedy this matter, because that is a particular section of the Province where the people are very energetic, continually on the go. There is a fishery, there is a lot of trade done, and goodness knows they need a decent road to do their business, to carry on their trade.

I cannot resist, Mr. Speaker, saying something that I am reminded to say by the reference to St. Jones Within. There was an hon. member of this House once whose name was William R. Warren. He was the member for Trinity Bay, which at that time used to elect three members. It was a three-man constituency, the whole of Trinity Bay, and he was one of them. Willie Warren, who subsequently became Prime Minister of Newfoundland and after that again a judge of the Supreme Court. I do not think he became Chief Justice. I think not. No, he was a puisne judge.

But Willie Warren was a private member of the House and then subsequently a cabinet minister at a time when the rules of the House were extremely loose. In fact, you might almost say there were no rules. And anyone

MR. SMALLWOOD:

who wished to to so could talk just as long as he liked, could go on for hours and days if he had the wind and the health and the strength to do it. So the filibuster was a very, very popular game by some hon. members. Willie Warren launched a filibuster in this Chamber—not this physical Chamber, but the old House - to delay as much as he could, to delay the proceedings as much as he could. He talked about everything under the sun, including spending a couple of hours in a learned discussion of the differences there were between St. Jones Within and St. Jones Without. This went on for two solid hours; the differences in the economy of the two places, and the differences in the history of the two places, the history and the personality and the character of the people of the two places. The House of Assembly learned more that day from Willie Warren about the differences between St. Jones Within and St. Jones Without than they had ever heard before. So although it is only one of the two St. Jones mentioned in the petition, if for no other reason than that it is St. Jones Within, I hope that the Minister of Transportation can find the few dollars that are needed to fix up the road, especially that part of it near St. Jones Within.

MR. SPEAKER: Are there any further petitions?

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The hon. Minister of Social Services.

HON. C. BRETT: Mr. Speaker, I beg leave to table the annual report of the Department of Social Services for the year ending March 31, 1975. Copies will be distributed, Mr. Speaker.

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN: (See Index)

MR. SPEAKER: The hon. Minister of Fisheries.

HON. W. CARTER: Mr. Speaker, I have the pleasure to table answers to Questions Nos. 571, 620, 625, 702, 720; 571 being from the hon. member for LaPoile (Mr. Neary), 702 from the same member and 720; Question No. 620 from the member for Togo (Capt. Winsor); and 625 from the member for Carbonear (Mr. R. Moores). I should point out, Mr. Speaker, that that

MR. W. CARTER:

concludes the answers to questions asked the Department of Fisheries on the Order Paper and that questions that were not answered were obviously not related to the department but have been referred to the department to which they relate.

ORAL QUESTIONS:

MR. SPEAKER: The hon. member for Trinity-Bay de Verde.

MR. F. ROWE: Mr. Speaker, I would like to address a question to the hon. Minister of Fisheries, Sir. In view of the fact that I am being hounded literally to death by my constituents in the Old Perlican area, and I have not been able to get answers out of DREF nor from the minister nor from the plant owners with respect to the status of the rebuilding of the Old Perlican fish plant, I wonder if the minister would use his office to get the DREF officials and the owners of the fish plant together with him to make a public statement in order to inform the fishermen and the plant workers in that area of what exactly is going to happen, whether or not this fish plant would be rebuilt in time for the fishery season this year so that they can determine what they are going to do when the fishing season does arrive?

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, I should point out to the member that I am as anxious as what he is to find out exactly what DREF is going to do, and if in fact they are going to do anything. I have said before in the House and I repeat, Mr. Speaker, that we are not delaying the rebuilding of that plant. At the moment -

MR. F. ROWE: To a point of order, Mr. Speaker.

MR. W. CARTER: One second, can I finish, Mr. Speaker?

MR. SPEAKER: I must interrupt the minister. A point of order has been raised.

MR. F. ROWE: Standing Order 31 (c), Sir, states, and I quote the last part of the sentence, "And in answering any such question, the Minister is not to debate the matter to which it refers."

MR. LUNDRIGAN: He never even got a chance to get a sentence out.

MR. F. ROWE: The minister is now entering into the realm of debate  
Sir, and is about to -

MR. LUNDRIGAN: He was about to answer the question.

MR. F. ROWE: The question that I asked -

MR. W. CARTER: You do not want to hear it.

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

MR. F. ROWE: I am on a point of order, Mr. Speaker, and I ask to be heard  
in silence.

MR. F. ROWE: The question was - and I will put it once again, Sir - not whether DREF is going to provide money, or whether the provincial government is going to provide money, or whether the fish plant owners are going to provide money. The question was simply this: Will the minister use his office to get the three parties together, which includes himself, of course, in order to inform the people of Old Perlican as to whether or not that plant is likely to be rebuilt in time for the fishing season this year? It is as simple as that.

MR. SPEAKER: Now before recognizing the hon. Minister of Fisheries, a point of order was brought up whereby it was alleged that the hon. minister had in answering the question entered into debate. In my opinion the hon. minister did not. There was no debate. What he may have done later on, of course, there is no way of knowing, but up to the point where the point of order was made I am not aware that he was debating the matter.

The hon. Minister of Fisheries.

MR. W. CARTER: Thank you very much, Mr. Speaker. It is quite obvious Sir, that the hon. member wants to score political points.

MR. F. ROWE: Mr. Speaker, a point of order. Is that debate or is it not? I ask Your Honour to rule on that one.

MR. SPEAKER: Order, please! A point of order has been raised so I do have to dispose of it. The preliminary remark was one of debate, the minister's preliminary remark.

The hon. Minister of Fisheries.

MR. W. CARTEP: Mr. Speaker, am I speaking on the point of order now, Sir or do I -

MR. SPEAKER: No, the point of order has been disposed of.

MR. W. CARTEP: All right. Mr. Speaker, I should not elaborate because the hon. member, I think, knows as well as I do that to discuss this matter in public I think would not be in the public interests and could very well, by the way, jeopardize its chance of being rebuilt. I am surprised to hear, Mr. Speaker, some of the outburst by the hon. member in his regular -

MR. F. ROWE: On a point of order, Mr. Speaker.

MR. W. CARTER: - television and radio protests.

MR. F. ROWE: He has entered into debate.

MR. SPEAKER: Order, please! I am sorry to interrupt the hon. minister but I have no choice when a point of order comes to the Chair.

The hon. member for Trinity-Bay De Verde.

MR. F. ROWE: It is quite obvious, Mr. Speaker, that once again the minister is entering into debate. I was set up for this one, because I made a press release and then the hon. minister asked me to ask him a question about that fish plant and I walked right into it just to prove to this hon. House what he is.

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

I must ask the hon. gentleman to state specifically what point of order he believes has been broken.

MR. F. ROWE: He was entering into debate.

MR. SPEAKER: I am not aware that there was in fact debate on that occasion.

The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, in replying to the question I am surprised to hear the member make that admission in the House, because he knows as well as I do that when we came into the chamber I made reference to a news release that he had issued today. I said, "Look, why do you not ask me a question in the House and allow me to answer in the House." All I can say again, Mr. Speaker, is that we are waiting on word from the federal government, from DREE, as to where they stand on this proposition, if they intend to assist in the rebuilding of that plant. Maybe I should close by asking the hon. member to use his considerable influence maybe with his federal friends and see if he cannot extract an answer from them as soon as possible.

MR. SPEAKER: I recognize the hon. gentleman for a supplementary before another hon. member.

The hon. member for Trinity-Bay De Verde.

MR. F. ROWE: Could the minister indicate, Sir, when he is expecting an answer back from DREE and when a proposal was made by the fish plant



MR. F. ROWE: owners to DREE? And I might add - and this is probably out of order - that Opposition members do not negotiate with other governments, it is provincial ministers of the Crown.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: The statement was in fact out of order. Now the hon. gentleman asked a question and before recognizing any hon. member I want to see if anybody wishes to answer it. Apparently not.

The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to ask the Minister of Mines and Energy, Sir, if Petro-Canada has obtained a provincial permit to drill for oil and gas off the Coast of Newfoundland and Labrador? If not, what steps have been taken by the minister, or the Minister of Intergovernmental Affairs, or the Premier to alert Petro-Canada of the need for such a permit?

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

MR. CROSBIE: Mr. Speaker, as far as I know Petro-Canada has not applied to the Government of Newfoundland for a permit for exploration off the Coast of Newfoundland or Labrador. If they did we would consider them on the same basis as we have considered other people who have applied for permits, and they would get a permit under the same careful conditions. They have not requested a permit. They certainly realize that as far as the Province is concerned they would need one from the Province. Petro-Canada say that they are going to engage in exploration and development work off the Coast of Newfoundland and Labrador, and we welcome that, we welcome anyone who wants to spend money to explore the possibilities of the area. They may well be going to participate in a permit held by others under some farm-out arrangement. That is the way that I would think that they are going to participate.

In the

MR. CROSBIE: the area off the coast of Newfoundland and Labrador, there are federal permits and there are provincial permits. The Federal Government has granted permits to most of the area, the Provincial Government has not. Those companies that are wise in their approach seem to get permits from both. In this particular case Petro-Canada has not approached the Provincial Government for a permit and in fact may not need to if they are participating in the permit held by another company, which is what I think is what they are doing.

MR. SPEAKER: The hon. member for Burgeo - Bay d'Espoir.

MR. SMALLWOOD: Is it all right if I ask a question? It is a supplementary.

MR. SIMMONS: Sure. Sure.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, might I ask the minister to tell me of the various companies that have received concessions, offshore oil and gas concessions from the Government of Canada, from the Government of Newfoundland, or from both governments - this is three types of concession. In these three classifications of concessions, has any actual offshore drilling been done by any company that had only a federal permit but not a corresponding provincial permit? I do not know if the minister heard my question.

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

MR. CROSBIE: I heard the question and you would have to have a mind like a computer, you know, to answer the question. Obviously that is a question of which you would have to have notice. Now I think there is already a written question tabled which will be answered. I think all the information has been gathered and will be answered in the next few days. No one can give the answer just out of their head.

MR. SPEAKER: The hon. member for Burgeo - LaPoile, I am sorry, I mean Burgeo-Bay d'Espoir.

MR. SIMMONS: There is a big difference, Mr. Speaker, a big difference.

Mr. Speaker, a question for the Minister of Industrial Development concerning the Marystown Shipyard accident, I wonder now would the minister

MR. SIMMONS:

be in a position to bring us up-to-date on the extent of the damages and also what time the damage might be repaired?

I am thinking particularly in terms of getting the two CN boats plus the trawlers from Ramea and the other fish plants that are locked in there at the moment.

MR. SPEAKER: The hon. Minister of Industrial Development

MR. LUNDRIGAN: I am going to refrain from a lot of detailed commentary on the shipyard at this moment to give the manager a chance to express a professional opinion on some of these issues. I have not got the full detail on the cost, which is an important question and needs to be answered. I will make a statement in the House when that information is available. And the second part of the question, which is a very, very immediate one and that is to the ability of the yard to launch the boats that are presently there, which directly affects the hon. member's riding and the fish plant in particular, every effort is being made to try to devise some kind of a - I suppose I could use the phrase an interim or a makeshift approach which could considerably shorten the time that the shipyard is out of action in terms of launching and receiving ships. Again that is not fully determined. There should be some comment on it tomorrow from the shipyard.

The duration of the delay in having the thing back into full operation, it looks like we are looking at perhaps a three month period, which has already been stated publicly, but I hope that something can be devised that will enable the yard to be able to operate on a makeshift basis earlier than that particular period in time.

The yard management and the work force have treated this in a way which is really commendable. They have really looked on every possible alternative and hours after the accident people, experts, original people who were involved in the design and the construction of the facility were contacted, were enroute, are presently there and there has been a tremendous effort made to try and get the thing operational.

MR. LUNDRIGAN: Also I would like to say that to my knowledge there will be no decline in the construction activity on site, although that does not say that we will not lose some work because of their inability to receive repair work at this present moment. But I do not anticipate that it will really be delayed as long as we earlier had anticipated. But I would rather refrain, Your Honour, from making long detailed comments on it. There is a problem of insurance, there may be at some point disputes as to legal arguments back and forth and so on over responsibility, liability and the like and I would rather not make any comments that would prejudice any kind of an argument in the future. But certainly I can assure the hon. member that we do anticipate some kind of an interim plan of action that will shorten the time that the yard will be out of action.

MR. SIMMONS: A supplementary.

MR. SPEAKER: A supplementary question.

MR. SIMMONS:

I can appreciate the minister's position insofar as this is concerned. But I wonder could he indicate roughly to the House when he or the shipyard crew might be in a position to tell us about the makeshift approach to launching the various crafts? Are we talking a couple of days or a week, you know, when we can get the indication, I mean?

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

MR. LUNDRIGAN: Your Honour, I think sometime tomorrow or Wednesday the yard can make a public announcement on that particular type of plan. Secondly, I believe that the owners of the Penny Hope are presently in route or at Marystown, they are there at the present moment, to try and assess ways that we can work on the ship that was damaged, the Penny Hope, to result in a minimum of delay. I think that some arrangement can be worked out. But there has been a tremendous amount of co-operation among the various persons and groups and companies and insurance and owners and the like to make sure that every effort is made to have the accident have as minimal an effect as possible. I am very proud of the management mainly in this respect.

MR. SPEAKER: The hon. member for Lewisporte.

MR. WHITE: Mr. Speaker, I have a question for the Minister of Fisheries. Would the minister tell the House whether or not he has received complaints about seals being slaughtered and left on the ice in Notre Dame Bay, and whether or not he has had a chance to look into this?

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Yes, we did receive a telephone call, Mr. Speaker, on Friday, I think it was, from a Mr. Rideout, I believe from Cottle's Island, complaining that seals were being slaughtered and left on the ice. We then, Mr. Speaker, referred the matter to the federal Department of Fisheries, under whose jurisdiction this matter falls, and requested they investigate and take whatever action is necessary to put an end to that needless slaughter.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to ask the Minister of Health if he is concerned or excited about statements made this weekend by Drs. Kennedy and Boulos in connection with the pill that could cause cancer as bad as smoking, and that young girls can get the pills without perscriptions? Does the minister have any comment to make on this statement?

MR. SPEAKER: The hon. Minister of Health.

MR. H. COLLINS: Mr. Speaker, one cannot keep tuned in to all the different radio stations and so on in any given weekend to know what is happening. I will have to take the question under notice.

MR. SPEAKER: A supplementary?

MR. NEARY: Well no, I just wanted to ask the minister when I could expect to get the answer to the question?

MR. SPEAKER: I would like to know if it is supplementary because if it supplementary I will recognize the hon. gentleman.

MR. NEARY: Supplementary yes, Sir.

MR. SPEAKER: If it were on a different topic, then I probably would not.

MR. NEARY: No, Sir. The minister said he would take the question under advisement. I was wondering how much time the minister is talking about before he can supply the House with the answer.

MR. H. COLLINS: It should not take very long, a day or so.

MR. NEARY: A day or two.

MR. SPEAKER: The hon. member for Trinity-Bay De Verde.

MR. F. POWE: Mr. Speaker, in view of the fact that the Newfoundland Light and Power Company made a \$5.6 million profit over the past year, which is \$1 million over the year before, I was wondering if the minister is considering having the Public Utilities Board review the cost of service adjustment which is presently tacked on to the electricity bills and I think it is probably at the 7 per cent level at the present time?

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

MR. CROSBIE: Mr. Speaker, the Board of Commissioners of Public

MR. GROSBIK:

Utilities already have full control over that situation and they get all information in connection with the Newfoundland Light and Power. It has to be supplied to the Board of Commissioners of Public Utilities. They cannot impose a monthly adjustment charge without the permission and consent of the Board of Commissioners of Public Utilities. So there is absolutely no need for us to contact them about the matter. It is already well in hand. Whatever they made, the Commission has full access to all their books, and the laws and the precedents dictate to the Board what they can allow them to make by way of revenue.

MR. SPEAKER: The hon. member for Terra Nova.

MR. LUSH: Relative to the point, Mr. Speaker, I wonder if the minister can inform the House again, or inform the House as to how long this cost of service adjustment is to be in effect?

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

MR. CROSBIE: Mr. Speaker, we cannot inform the House. If the hon. gentleman wants to call Mr. C.W. Powell, the Board of Commissioners of Public Utilities, Mr. Powell will tell him. It is just as simple as that. The government has no control over the matter. It is the Board of Commissioners of Public Utilities.

Now I cannot remember how long it is in effect. It was something that they were permitted so that they would be able to reach an adequate return on their rate base without having to go back to the Board of Commissioners of Public Utilities every month. And there was a device the board in following precedents of other provinces permitted them to employ for a certain period of time.

MR. SPEAKER: The hon. member for Conception Bay South.

MR. NEARY: Mr. Speaker, I would like to ask a question of the hon. minister.

MR. SPEAKER: Well, having recognized the hon. member for Conception Bay South, I have to ask whether he will yield.

MR. NOLAN: A supplementary, is it not?

MR. NEARY: Yes, a supplementary. I wanted to ask the minister if the government has yet taken a decision to take over the complete distribution of power in this Province?

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

MR. CROSBIE: Have we reached a decision to take over? I thought maybe we had reached some decision the Premier was going to announce, but apparently we have not reached any contrary decision. The



MR. CROSBIE: government has made no decision to take over the distribution of all electric power within the Province. I mean, the position today, and the government's policy today is exactly as the policy was when the hon. gentlemen opposite were in power and that is that on the Island of Newfoundland the generation of electricity is from, whatever the date was a number of years ago, to be in the hands of Newfoundland and Labrador Hydro only, what was then the Power Commission, but that other companies would be permitted to involve themselves in the distribution of electric power. And that is still the policy and there has been no change in that, and the government has not decided to take over all distribution of electric power within the Province. So the situation has not changed.

MR. SPEAKER: The hon. member for Conception Bay South.

MR. NOLAN: Mr. Speaker, a question for the Minister of Mines and Energy, and that is in reference to earlier questions that we brought up in the House. And that is since the government saw fit to remove the sales tax, I believe, from fuel for heating, has the minister or the government considered granting the same consideration to those who have electric heat and remove the tax, or what is the position at this moment?

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

MR. CROSBIE: The same has been considered, Mr. Speaker, but as hon. gentlemen know the budget has come down and there has been no change in connection with any further exemptions from sales tax, so the position remains as it is. Sales tax is collected upon the sale of electric power in the Province and there has been no change, and as hon. gentlemen can see from looking at the budget and the revenue and expenditure, we just have no room to grant any other exemptions under the sales tax legislation without having to impose further taxation elsewhere. So the position remains as it is.

MR. SPEAKER: The hon. member for Bellevue.

MR. CALLAN: Mr. Speaker, I have a question I think for the Minister of Municipal Affairs. I am wondering if the Minister of Municipal Affairs is aware- I am not aware, or I was not aware until this morning - but I wonder if his department is aware that of a couple of moose carcasses being in the Whitbourne Pond, the pond which supplies the town of Whitbourne with drinking water, are you aware of that and if so what is being done about it?

MR. PECKFORD: Mr. Speaker, bless my soul. I have heard it all now. Every day there is a couple of unusual occurrences that have some relationship to my department, but that one takes the cake, of course. Also I suppose the Department of Health and the Provincial Department of Environment are involved as well as my department here. I am not aware. The first time I had heard of it was when the hon. member just mentioned it to me now. But I shall immediately undertake by way of phone call after the Question Period to have the thing investigated and give a full report to the hon. member either outside the House after six o'clock if I do not hear it before then, or tomorrow morning.

MR. HICKEY: There are a few bad apples in every barrel.

MR. SMALLWOOD: A very useful place, this House.

MR. PECKFORD: Always has been and always will be, no problem.

MR. SPEAKER: The hon. member for LaPoile

MR. NEARY: Mr. Speaker, I would like to ask the Government House Leader, the Minister Without Portfolio, if there is any foundation at all to the report that the Chairman of the Public Service Commission has resigned, or has given notice of his intention to resign?

MR. LUNDRIGAN: That is out of order. That is totally out of order.

Mr. Wells: I think the Public Service Commission would come under the Minister of Finance and the President of Treasury Board

MR. NEARY: He is not here to answer it.

MR. WELLS: He is not here to answer. I have no knowledge of any such thing, Mr. Speaker.

MR. LUNDRIGAN: The question is out of order.

MR. NEARY: The question is in order.

MR. LUNDRIGAN: The question is out of order, absolutely.

MR. SPEAKER: Order, please! The question has been asked and answered now. Naturally if a similar question comes up and the hon. gentleman thinks it is out of order I would certainly hear his argument. Is this a supplementary question.

MR. NEARY: No, Your Honour.

MR. SPEAKER: Then I will recognize the hon. member for Terra Nova.

MR. T. LUSH: A question for the Minister of Education. In view of the cost of textbooks to the Province, I am wondering whether the minister is in a position to inform the House of the procedures and the criterion used in (a) the selection and (b) the purchase of textbooks for this Province?

MR. LUNDRIGAN: Mr. Speaker, on a point of order.

MR. SPEAKER: A point of order has been raised.

MR. LUNDRIGAN: Mr. Speaker, with great reluctance I rise on a point of order relating to my hon. friend's question. I think if all of us tried to address ourselves to the rules, which state clearly - the twenty-seven rules, I believe, that govern in answering questions, and make a diligent effort, we all will improve the Question Period and perhaps ask questions which are really relevant. I am not going to take issue with the hon. member's question, but a question that ask extensive detail, which was just asked; questions that ask to confirm or deny, which was just asked by the hon. member; questions which ask, which was also ask by the hon. member as well, to ask the minister is he aware of a moose in the pond, or fifteen bodies in the pond for that matter. are questions which are out of order by the rules. And I certainly would not want to stand there and argue against

Mr. Lundrigan:

every question being strictly in accordance with Beauchesne, but I believe if we all make an effort and take anything but the lead from the hon. House Leader there in asking questions then I think we will have a better Question Period.

MR. ROWE: To that point of order, Mr. Speaker, I submit that no point of order has been raised at all. It is simply a difference of opinion between two members here. It was a legitimate question that was asked, and indeed it was just that the present minister who spoke on the point of order feels that the question was too long or too detailed. That is his opinion, it is not a point of order.

MR. CALLAN: Mr. Speaker, to that point of order.

MR. SPEAKER: Is the hon. gentleman speaking on the point of order.

MR. CALLAN: Yes. Mr. Speaker, to that point of order. The hon. minister referred to my question. Now, I had two choices; this morning I was rather busy with three delegations, but I was informed that one of the open line programmes was trying to contact me asking me about, you know, the situation at Whitbourne. I did not get a chance to respond to that open line. I do not want to discuss such things on open line. So therefore the first chance I got I decided to ask the Minister of Municipal Affairs about it. If that is not public urgency and it is out of order, I am sorry.

MR. SPEAKER: Order, please! Before getting back to the Question Period, I do not think that a specific point has been made on which the Chair needs to make a judgment. I think the hon. minister in speaking to a point of order stated his opinion and wish that people would ask questions or refrain from asking questions on certain subjects which, in his opinion, may not be urgent etc. I think it was a general comment. I am not aware that there is a specific point of order on which a ruling is called for, at least I am not aware of that.

MR. LUNDRIGAN: That interpretation is correct. I was merely making a point. I spent six months before I had a question in order. And I

SOME HON. MEMBERS: Oh, oh!

MR. LUNDRIGAN: am just being - if the hon. member does not mind.  
I am just -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please! I have not heard what the hon. gentleman said yet. He has not finished his sentence, so I cannot really say -

MR. LUNDRIGAN: I am on a point of order.

MR. ROWE: You are on a point of order? Well you did not say that!

MR. LUNDRIGAN: I am agreeing with Your Honour that my observation was in fact an observation trying to indicate to hon. members through you, Sir, that if we all work within the rules, a little bit harder and so on, we would have a better Question Period, so it was not aimed at any specific member.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please! I consider the matter now disposed of. As I recall a question had been asked the Minister of Education, so before recognizing any other hon. member I would obviously give the minister an opportunity to reply if he so wishes.

HON. W. HOUSE: Mr. Speaker, I always run into problems when these questions come in. The question was that far away now that I do not remember totally the gist of it.

AN HON. MEMBER: He was talking about the school book programme.

MR. HOUSE: The school text book programme, the programme of free text books of course will be discussed in the estimates. But the selection, I think, - I thought it had to do with the selection and what is the criteria for the selection of text books. The selection is based on the work of committees. Committees are set up in curriculum areas, for instance in the reading programme, or in the English programme, as the questioner would know. There is a committee and that committee studies what kind of programme we are going to have and makes suggestions as to what text books will be purchased from a number. The criteria is based on professional needs of the curriculum. That is generally all I can say about it. The department does not sit down alone, the department officials and buy off certain text books. It is always done in consultation with teachers across the Province, teachers that have been selected from the various school boards.

MR. LUSH: Who is on the committee? That is the important thing.

MR. HOUSE: I am not sure. Each committee is different.

AN HON. MEMBER: There are teachers on the committee?

MR. HOUSE: Yes. Oh, yes. Teachers right across the Province.

MR. SPEAKER: I recognize the hon. gentleman for a supplementary, what I understand is a supplementary.

MR. LUSH: I realize that there are some committees, but I am wondering whether these committees go all the way through every subject, right from "k" to eleven?

MR. HOUSE: I could stand to be corrected on that. I believe they do, but I will find out for you and give you an answer tomorrow.

MR. SPEAKER: The hon. member for LaPoile.

MR. SPEAKER: This will be the last question and answer.

MR. NEARY: Mr. Speaker, I would like to ask the Minister of Health if the difficulties, if the problems that arose recently at the General Hospital when all the nurses called in sick, the dispute over call-out time, if that problem has been resolved? If not, would the minister tell the House what steps are being taken to resolve the problem?

HON. W. COLLINS: Mr. Speaker, the matter to which the hon. member refers is a matter between the nurses' union, as I understand it, and General Hospital Corporation. I know the nurses have gone back to work. We all know that, of course. But I understand that meetings are continuing between the two groups.

MR. NEARY: You are not concerned about it.

MR. COLLINS: We are concerned about it. But it is being dealt with by the Hospital Corporation at the present time.

ORDERS OF THE DAY:

MR. R. WELLS: The Committee of Supply, Estimates, Mr. Speaker.

MR. SPEAKER: Order (2), Committee of Supply. It is moved that I do now leave the Chair.

MR. WELLS: Mr. Chairman, the Heading to be called at this time is Mines and Energy.

MR. CROSBIE: Mr. Chairman, I guess it is the usual procedure, or at least it has been the usual procedure for the department generally to be discussed in general on the first item in the vote of that department, and I presume we are going to keep to that practice. So I will say a few words before we get on to the estimates of the Department of Mines and Energy.

Now, Mr. Chairman, of course this is certainly an area of government that is of great interest these days, energy in particular, and it is an area that the public is becoming very much aware of as a result of events of the last several years. I am first going to address myself to some questions of energy. The House has had before in this session, of course, many petitions from people all over the Province protesting increases in power rates in various areas of the Province. It is not true only of this Province, of course, but in every Province in Canada, and, I would think, in every country in the Western world the same problem now exists and arises.

I think that we should remember though, Mr. Chairman, that even though our rates have been going up in this Province, we are lucky comparatively speaking compared to other provinces and compared to other countries where the rates for power are far higher than they are in this Province.

Now, Mr. Chairman, in this Province we have the Newfoundland and Labrador Hydro, which is the successor to the Newfoundland and Labrador Power Commission, which is owned by government, publicly owned and whose mandate it has been since the 1960's to develop and to generate any further sources of energy that are needed on the Island of Newfoundland, and in certain areas to distribute it. They have a monopoly on the generation of power but they share the distribution of power with other enterprises, in particular, Newfoundland Light and Power Company Limited and Rowater Power. In addition to their other duties they are also in



MR. CROSBIE: charge of administering and of carrying out the duties of the Rural Electrification Authority in Newfoundland to provide power to rural areas.

So in these estimates there are several votes that have to do with Newfoundland and Labrador Hydro. One vote is the vote under the Industrial Incentives Act, the second vote is a vote for the Newfoundland Power Distribution District, or Rural Electrification Authority on the current account, and the third vote is the Rural Electrification on capital account.

Now the vote under Industrial Incentives, Mr. Chairman, is necessary because the Government of Newfoundland had to make up the difference to Newfoundland and Labrador Hydro between the cost to them of generating and distributing power on the Island, and in particular to certain industries and to Newfoundland Light also, and the price that they received for doing that. Because under the terms of a trust deed entered into by the Power Commission originally, they are required to operate not at a loss. They cannot operate at a loss. If they do they are in violation of that trust deed and their original bond issue.

As a result of contracts entered into some years ago, Newfoundland Labrador Hydro operates at a loss with respect to certain contracts. All members of the House know that one of those contracts is the contract with respect to ERCO. Another of those contracts is with respect to Newfoundland Light and Power, because a contract was entered into in 1967 to supply Newfoundland Light and Power with certain energy at a price of 6 mils per kilowatt-hour without an escalation clause. As the cost on the system rose over the intervening years due to inflation and the rest of it, Newfoundland and Labrador Hydro started to suffer losses on the contract which then had to be absorbed by the government.

They have lost money with respect to the contract with Howater power, and with Price,

MR. CROSBIE:

and government has had each year to vote monies to make up the difference between what Hydro is receiving from those customers and what it was costing them. This year on the estimates there is an amount requested of \$4.4 million to be paid direct by the government in connection with those incentives. But in addition to that amount which has been asked for in the estimates, there is another amount of approximately \$5.2 million, I believe the figure is or that is close enough, which Newfoundland and Labrador Hydro is going to receive from CFLCo by way of the royalty of fifty cents per horsepower and the rental of 8 per cent of their net profits.

The government of Newfoundland has assigned to Newfoundland and Labrador Hydro the right to receive those amounts in future to help with respect to the losses they are suffering on these contracts. So they would actually be receiving this year between \$9 million and \$10 million and it has been necessary to make up the difference between what they are losing on certain contracts and what their costs are.

In addition in these estimates another amount, approximately \$11 million, is being voted for the Rural Electrification Authority, which is the amount that we are subsidizing their operations. The expenditures that they have to incur less the revenue they receive in these rural areas leaves a deficit of some \$11 million which the people of the Province are asked to pay out of the general revenue to subsidize the Rural Electrification operations in the Province.

MR. SMALLWOOD: \$11 million?

MR. CROSBIE: Just in excess of \$11 million.

MR. SMALLWOOD: That is just operation or is it both?

MR. CROSBIE: No, no. That is operations alone.

There is a further amount asked for in these estimates, Mr. Speaker, of some \$5,300,000 that we are being asked to vote the REA which is for capital account and which involves work on certain transmission lines, work on additional diesel generators in various areas and the like. That is also voted by this House because -

MR. SMALLWOOD: How many diesel generating plants are there now?

MR. CROSBIE: I could not tell you right of.

MR. SMALLWOOD: There are not nearly as many as there were, are there?

MR. CROSBIE: No, but I do not have the exact number, but there are still at least twenty or thirty areas where diesels have to be used.

MR. SMALLWOOD: Is there any plan to replace them with direct lines?

MR. CROSBIE: Some of the money asked for is to connect up areas to the hydro so that you can cease using diesels which are very, very expensive.

MR. SMALLWOOD: Has the hon. minister got the names of the places and the population and so on?

MR. CROSBIE: I have not got all that at my fingertips, Mr. Chairman, but when we get on the detail of the estimates, you know, I can give more information on that. But that is \$5.3 million.

MR. SMALLWOOD: Is the minister going to have officials sitting beside him there?

MR. CROSBIE: When we get through, Mr. Chairman, with the general debate then I will have officials here to assist. But I have not asked them to come for the general debate because one never knows how long the general debate is going to rage on. If previous years are any example, it might be days or even weeks. But they will be here when we get down to the details of the estimates.

So, Mr. Chairman, that is \$5.3 million that the Rural Electrification system cannot generate itself and all its capital expenditures have to be paid over to it by the government, so that in these estimates the Newfoundland and Labrador Hydro and the Rural Electrification Authority are really receiving from the public chest altogether possibly about \$26 million in these estimates to meet costs that they cannot generate the revenue themselves to meet. This is a substantial contribution, Mr. Chairman.

I do not want to go into this in any detail, but in connection with the Newfoundland Light and Power situation I did give information to the House in a release some time ago as to what it had cost over the

MR. CROSBIE:

years for the government to make up the difference on the Newfoundland Light and Power contract between the amount that they were receiving in price from the Newfoundland Light and Power and the amount it was costing Newfoundland and Labrador Hydro. These were very, very considerable amounts.

For example - I have got them here - if we start from 1970-1971 it was \$1.9 million that year, and then went to \$4.8 million the next year, then \$4.7 million then \$6.1 million in 1973-1974; \$6.4 million in 1974 and \$5.1 million last year despite the fact that there was an increase last year in rates charged to Newfoundland Light by Newfoundland Hydro from six to 9.7 mils per kilowatt-hour. Despite that - that increase came on April 1, the calendar year was three months gone - despite that we still had to make up a difference of \$5.1 million on the Newfoundland Light contract even with that increase in the wholesale rate for power.

In the year ahead, the year that we are in now, it has been decided that Newfoundland Hydro has permission to inform Newfoundland Light that they wish another increase from 9.7 mils per kilowatt-hour to come into effect next

Mr. Crosbie:

July 1 when the year is half over. And, of course, there has to be an application to the Public Utilities Board by Newfoundland Light, associated with Newfoundland Hydro, to have that approved. If that increase is approved by July 1, there will still be a loss of some \$5.2 million or \$5.1 million, or in that area, on the Newfoundland Light contract, because any increase will come half way through the year. So there will still be a substantial loss on the Newfoundland Light contract. The subsidies in previous years on other operations such as ERCO were \$3.9 million, in 1970-1971; \$5.3 million, 1971-1972; \$4.5 million, 1972-1973; \$4.6 million, 1973-1974; \$3.5 million last year - I am sorry, 1974 for nine months; \$3.2 million last year because they were not operating a long period of the year last year, and there will be another amount, of course, for the year coming up. Price(Nfld.) contract, Bowaters have lost -

MR. SMALLWOOD: How much in the year coming up? Is that known?

MR. CROSBIE: I have it here somewhere, Mr. Speaker, when we get down to the - it is in the area of \$3.5 million or \$4 million.

MR. SMALLWOOD: Will it depend on whether they get the second furnace running?

MR. CROSBIE: Yes. At the moment they have one furnace running, and they may or may not reconstitute the second furnace. So these are considerable -

MR. SMALLWOOD: If they do not?

MR. CROSBIE: If they do not then - the amount that we have in the estimates is based on their position now.

MR. SMALLWOOD: Does the minister know whether they fold if they decide not to rebuild the second furnace, does that amount to a decision to fold?

MR. CROSBIE: I mean, we do not know, Mr. Speaker, whether they would fold or not. You know, we would only know, I suppose, after the company has experienced this year, and then makes a decision. We have not heard anything in the meantime. They certainly are going

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to spend this year operating as they are, and then they are going to make a decision probably in the next several months as to whether they will do work on the second furnace.

So, Mr. Chairman, the position then with respect to energy costs is that these costs are increasing, and they are increasing in every Province of Canada. And when we look at what has happened, for example, here is Ontario Hydro, a rate increase of 22 per cent, and the Chairman of Ontario Hydro says, quoted in the Globe and Mail, March 3, "Ontario Hydro customers can expect rate increases of at least 22 per cent a year over the next few years, if the lights are to stay on."

As I have said in the House before and I will say it again, Mr. Chairman, we have to recognize the fact and there is nothing any government or any company can do about it, that rates are going to continue going up, and that it is extremely likely that over the next five or six years rates may be double what they are now.

MR. SMALLWOOD: That is fossil fuel generated -

MR. CROSBIE: Fossil or hydro.

MR. SMALLWOOD: Why hydro?

MR. CROSBIE: Fossil, hydro or whatever you want to look at.

MR. SMALLWOOD: Why hydro?

MR. CROSBIE: Because the hydro sites, Mr. Chairman, are further and further away, and more and more remote, and you have high transmission costs.

MR. SMALLWOOD: But what about those that are there? Those that are in operation?

MR. CROSBIE: Those that are in operation, Mr. Chairman - the cost on the system are blended costs. You have to take your system and see what the costs are on the whole system, and that gives you your cost. Some of the cost will be steam, and Ontario Hydro will be nuclear, some will be old hydro which be a lower cost and so on, but when you pool it all, the costs are increasing of all of it. And on the Newfoundland system, which is a relatively new system, we

Mr. Crosbie:

do not have any really cheap hydro to any great extent that was there years ago. It is all fairly recent, so that, you know, you do not have a real old system to fall back on to keep the cost down. But no matter what the system is these costs are going to increase.

MR. SMALLWOOD: What is the comparison of the Hydro Commission today than say ten years ago? How much does it cost them now to produce a kilowatt hour of electricity compared with then?

MR. CROSBIE: Well the cost on our system now, you know, I am giving an approximation, Mr. Chairman, but the general overall cost on the Newfoundland system now is somewhere in the area of 12 mils or 13 mils.

MR. SMALLWOOD: Now that is averaging it out from the beginning to now?

MR. CROSBIE: No. That is averaging what the costs are this year.

MR. SMALLWOOD: No, but -

MR. CROSBIE: The costs of energy this year on the whole system overall will be 12 mils to 13 mils. Now, Mr. Chairman -

MR. SMALLWOOD: Yes, but the minister can split that into two lots.

MR. CROSBIE: Well you can split them into more than two, Mr. Chairman, this will be made up of a whole series of things; power from Bay d'Espoir, powers from other generating sources, power from the steam plant at Holyrood.

MR. SMALLWOOD: Yes.

MR. CROSBIE: When this is all blended together then you will get a blended cost.

MR. SMALLWOOD: Yes.



MR. CROSBIE:

Now, the cost of hydro power has at least doubled over the last five or six years. I just want to explain that, Mr. Speaker. I just wrote a letter to the Grand Falls Chamber of Commerce outlining - I had a letter from them asking why were costs going up and more information. I got a couple of copies here if anybody wants a copy.

MR. SMALLWOOD: I would like a copy.

MR. CROSBIE: The answer to - well, there is nobody around here but I will send you over a copy when somebody turns up. They asked a question about the increasing costs of power. "The answer to your question is that the cost of providing this service has been rising over the past decade but at a much greater rate over the last five years. It will continue to rise in the short-term future at least." Then in more detail, "Hydro's labour rates have practically tripled since 1967. In 1967 the rate for a journeyman linesman was \$2.45 an hour. Today it is \$7.00 per hour." It is likely to go up this year to maybe \$7.24 or whatever it ends up at. "This type of increase is reflected through the whole wage package of Hydro. In the 1975 budget wages and salaries were thirteen per cent of the total cost of producing and transmitting the energy." If we want to look at Hydro today compared to 1967 the increase in wages and salaries and so on are terrific. This affects, this is thirteen per cent of the cost of producing and transmitting energy.

MR. SMALLWOOD: That is the operating cost or the capital cost and all, everything? Labour would not be thirteen per cent of the combined capital and operating costs.

MR. CROSBIE: The total cost of producing and transmitting energy that has to be reflected in the price that you get is thirteen per cent. Wages are thirteen per cent.

MR. SMALLWOOD: Of what?

MR. CROSBIE: Of the cost, of the cost.

MR. SMALLWOOD: Well how does the minister - what does he mean by -

MR. CROSBIE: Well you have got cost of oil and you have got the people who work there, their wages and their salaries, and the cost of wire and



MR. GROSBEIF:

the cost of this, that and the other. Of all of those costs the current cost of operating the system, wages are thirteen per cent of the total cost of producing and transmitting the energy.

Now the next item, Mr. Chairman, fuel cost: "This was a relatively small portion of Hydro's cost in the past but it is going to become more and more significant. As late as 1970 Hydro paid \$1.82 per barrel for Bunker C oil burnt at Holyrood. This represented 3.5 tenths of a cent per kilowatt hour at that station. Hydro's average price for the same fuel in 1975 was \$7.33 per barrel or about 1.4 cents per kilowatt hour. Even that price was subsidized by the Government of Canada because the world price is \$12.50 per barrel or approximately 2.4 cents per kilowatt hour." We all know, Mr. Chairman, that on July 1 the Government of Canada is going to permit a further increase. They are going to decrease the subsidy and oil is likely to go up at least \$2.00 a barrel. There is no question that within five years oil will be up to \$12.00, \$14.00 a barrel. I mean, there is nothing that this government or any government can do about it. So it is the fuel cost that is becoming more and more important. "In 1975 the cost of fuel represented ten per cent of the overall cost of operation of Hydro. It is estimated this item could be as high as fifty per cent of the total cost by 1980 and that by that time the Government of Canada subsidy will have been totally removed." So in 1975 the fuel cost was ten per cent of the total cost of operating the system. This year it will be higher. How much higher you cannot tell for sure because it depends on how the economy is this year and how the industrial load goes and so on. As all hon. gentlemen know the oil refinery is down, etc., and so on. This reduces the consumption. But it will be more than ten per cent this year. It may be fifteen. The more oil you have to burn the more expensive it is to produce energy on the system.

So you have fuel going up. You got the labour going up. Thirteen per cent last year was labour. Ten per cent was fuel. Third, "The interest

MR. CROSBIE:

rate for new capital to build extensions that are required to meet customers' needs has escalated from five and a quarter per cent in 1967 to ten and three quarter per cent in 1975." So your interest cost is doubled. "The cost of installing new facilities is also gone up by a considerable margin. For example, the thermal generating units such as the one installed at Holyrood in 1970 at a cost of \$160 per kilowatt is now costing \$450 per kilowatt." The capital costs of it are gone up because of the inflation of the last six years. "Transmission lines that were built in 1967 at a cost of \$50,000 a mile are now costing \$125,000 a mile. These two factors, interest rates and the capital cost of new plant, combined with a sustained high utility load growth have pushed Hydro's interest expense and debt service payments in 1975 to twice what they were in 1971. In 1975 this item of expense, which was largely uncontrollable, accounted for sixty-five per cent of Hydro's costs." So capital costs

MR. CROSBIE:

and interest costs have certainly doubled in the last five years, and the figures are here in this letter. There is another copy. If the hon. member across wants a copy of the letter, there is a copy here for him. "These three items account for 88 per cent of the cost of operating Hydro's generation and transmission facilities. They have escalated by more than two and a half times their 1967 value."

"The other twelve per cent includes items such as insurance, maintenance, materials, equipment rentals, professional services, etc., which have also experienced high rates of escalation. A good deal of those items are uncontrollable costs and for a large part are influenced by national and international economies." Then the letter goes on to explain about the Newfoundland Light contract which was fixed from 1967 to 1974 without any change in the rate causing us to have to pay these heavy subsidies, that it is necessary for the full cost of supplying electricity to the rate payer over the next couple of years to be borne by the rate payer. It points out that a similar inflationary situation exists with the Newfoundland Light. Now their rates are controlled by the Public Utilities Commission so they have to go to them for permission or consent. Their bunker oil is up. Their costs of construction are up. Their interest rates are up and so on. It is the same thing for Newfoundland Light.

MR. SMALLWOOD: Their profits are up.

MR. CROSBIE: No, their profits are not up, Mr. Chairman. Their profits are not up compared to the total amount invested. They are allowed a certain rate of return on the amount they have invested. The amount they have invested increases every year.

MR. SMALLWOOD: The ratio has not improved?

MR. CROSBIE: No. They are only allowed the amount of return that the Public Utilities Commission permits them.

MR. SMALLWOOD: The act permits.

MR. CROSBIE: Which the commission permits under the act and regulations and the law that is applicable. That has not changed. But their investment has changed. Their rate base has changed because

MP. CROSBIE:

they have been investing and borrowing tens of millions of dollars every year to meet the demand in their area for service. So the total amount of profit they would make as a gross figure would be increasing every year, but the amount they are making on what they have invested has not increased. And if they are not going to get a return on investment, it is quite simple; they will not borrow money and they will not have share issues to get the money to expand their services. How could they? I mean, no one is going to loan money to Newfoundland Light and Power at 5 per cent interest when they can loan it to someone else for eleven? They have got to pay the going rate. No one is going to invest in shares of Newfoundland Light if they only get a dividend of five per cent when they can invest in shares of Calgary power and get a dividend of say, twelve or fourteen per cent, or some other shares. So they have got to compete in the money market for their money. That is all taken into consideration by the Public Utilities Commission.

MP. SMALLWOOD: By the act itself.

MR. CROSBIE: And the act permits that.

Then we give examples of how rates have gone up in certain other provinces. Now between 1968 and 1974 there was very little increase in rates in this Province because of this subsidization while increases were going on in other provinces. They are now going on, of course, in every province.

So this letter, Mr. Chairman, explains some of the reasons for these increases. The increases are based on increased costs. It is just as simple as that. Unless the taxpayers of the Province are going to bear all these costs, and the person who consumes the energy not, then rates have to go up. Now that is not popular. People do not want it. They do not want the electric light rates to go up. We do not want them to go up. You do not want them to go up. No one wants them to go up. If they go up, they go up because there is not any choice. No politician wants electric light rates to go up. No politician wants tax rates to go up. We all want them

MR. CROSBIE:

to go down. But when nothing can be done about it, the situation is people have to pay more because the energy is costing more.

Now, Mr. Speaker, if you look at the increases in this Province compared to other provinces you will see that we have not done badly here. If you look at rates over the last five years in various locations across Canada, you will see that the rates in St. John's, Newfoundland in the last five years have gone up twenty-eight per cent. In Regina they went up thirty-one per cent. Montreal, thirty-two per cent. Winnipeg, thirty-six percent. Calgary, forty-eight per cent. Charlottetown, fifty-nine per cent. Halifax, sixty-seven per cent. Toronto, eighty-three per cent and Vancouver only fourteen per cent and St. John, New Brunswick, fifteen per cent. So over the last five years we were the third lowest insofar as increases in rates are concerned.

A comparison of cost increases in Canada, the United States and Europe shows Canadian prices are about fifty to seventy-five per cent of the average prices in the United States and Europe.

MR. CROSBIE: But it is estimated that the electricity rates and costs in Canada as a whole can be anticipated to continue at an annual rate of ten to fifteen per cent, with the higher figures in areas heavily dependent on fossil fuel generation, such as Nova Scotia and P.E.I., where at the moment they are wholly dependent really on more fossil fuel.

These are just the facts that we and everyone else has to face. Well, we have had a lot of petitions in the House, Mr. Speaker, and we are well aware that this is a very touchy issue and naturally if people are asked to sign a petition to protest electric light rates they are going to sign it. And when a document is sent all over the Province by the Leader of the Opposition asking the people to whom he sends it to have it signed and send it back, well they sign it and send it back. Why would they not? There is nothing to lose by doing that. And that is what happened.

MR. SMALLWOOD: Mr. Chairman, would the minister allow a question? The Rural Electrification, I think they call it the REA, is it, Rural Electrification Administration is asking for the current year for \$11 million from the House here so that they can subsidize the price of electricity to the homes that they serve. Has the rate charged to the customers of the administration, the Rural Electrification Administration gone up much? I mean there has been an increase in the rates charged outside the areas of rural electrification, what about within those areas, what is the story of rate increases? And while the minister is answering would he tell me also how the \$11 million that they want now for this current twelve months compares with previous years? I have a feeling that he has already told me that, but perhaps he would include it with this answer?

MR. CROSBIE: Well it has increased, Mr. Speaker. When we get down to that vote I will have more particulars. I am just trying to deal with general matters now.

MR. SMALLWOOD: All right. Fair enough.

MR. CROSBIE: Now in the REA areas if there is an increase in hydro rates generally then there is an increase in those areas.

MR. SMALLWOOD: The same rate, the same increase.

MR. CROSBIE: Well they pay the hydro rate for the first 500 kilowatt hours a month, so if there is an increase in hydro rates then the rate increase applies there. Well I presume their rates increase in the same proportion.

MR. SMALLWOOD: Well then would the overall vote ask for either result of increased consumption.

MR. CROSBIE: Yes a lot of it.

MR. SMALLWOOD: Most of it.

MR. CROSBIE: Yes, because one of the problems in the rural areas or in the diesel areas, Mr. Speaker, is the tremendous increase in the use of power in those areas despite the fact the rate goes up substantially after you have consumed 500 kilowatt hours a month. And one of the reasons that we have not been able to change those rates so that Hydro would apply even if your consumption went to let us say 1,000 kilowatt hours a month is that you just cannot keep up then with the demand. And the capital cost of getting in more generating facilities would just be fantastic and we cannot manage it. We just have not got the money. The member for Twillingate (Mr. Smallwood) has pointed out, you know, we are borrowing now to the hilt. Certainly we should not borrow any more. We just cannot get our hands on the money. That is one of the problems in the rural areas.

So, Mr. Speaker, what can we do about this then. Well hydro is the best alternative still, although hydro itself is not cheap any longer because of the increase in capital costs of transmission lines and dams and the rest of it in the last five or six years, and the increase in the cost of borrowing money. But hydro is still far preferable to coal or oil, certainly to oil, because the cost of oil itself is escalating so rapidly. And it

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MR. CROSBIE: is preferable still to nuclear because the cost of constructing nuclear plants has escalated so tremendously in the last ten years, and because of their environmental hazards and because of the increase in the price of uranium and so on. So hydro is still the best if you can get it.

Now the hydro sources left in the Island of Newfoundland are limited,



Mr. Crosbie:

and they are being looked at again now. Several of them, of course, are out for environmental reasons. I do not want the member for Buchans (Mr. Flight) to start foaming at the mouth there. What was it? Lloyds Lale or Llyods River. You know, Terra Nova was hardly practical because of the environmental consequences there, but there are several other sites which are still being looked at.

MR. LUSH: What about the Park?

MR. CROSBIE: Pardon?

MR. LUSH: Is that a fair way to treat the Park?

MR. CROSBIE: No, no, but I think it involves flooding the community of Terra Nova, or considerable -

MR. SMALLWOOD: Well, would it not mean reversing the river altogether and have it flow in the opposite direction?

MR. CROSBIE: Yes.

MR. SMALLWOOD: Even at that, is it not expensive power, Terra Nova.

MR. CROSBIE: I am not sure what the cost would be,

MR. SMALLWOOD: Pretty high.

MR. CROSBIE: It is out anyway. So the hydro sources left on the Island are not much of it. So we have the hydro of Labrador. Well, we are attempting then to develop the hydro resources of Labrador and this attempt is not easy. It is not going to be easy. You know, it is going to be tremendously difficult, but nothing ventured nothing gained.

Now I made a statement in this House last November 28, Mr. Speaker, that explained the situation. One of the great steps of this administration took was to take over and buy out CFLCo.

MR. SMALLWOOD: I was great all right. It is not good.

MR. CROSBIE: It was a great step - one of the great, great glories of this administration, and the only pity of it is, that it was not done at least ten years earlier. But in any event it had to be done and it was done in 1974 or we could not have controlled our own destiny in the energies field at all, if we can control it. So at least we

Mr. Crosbie:

have the hydro resources of Labrador now under our control, if they can be developed. But to develop them is a monumental task. And as I said last Fall we cannot develop Gull Island and bring the power here to Newfoundland without the assistance of the Government of Canada, financial assistance, and without certain agreements being reached with the Province of Quebec. And that was outlined in that paper. The position now is that the Government of Canada are waiting to see what arrangements we reach with the Province of Quebec. We have not concluded our discussions yet with the Province of Quebec. Whether we can carry on this year with the transmission line and the tunnels, as is our intention, depends on the outcome of those discussions. And the reason for that is, that if Gull Island Hydro site - number one, to get Gull Island Hydro site going as we had planned initially, Quebec had to agree to buy surplus energy from the Gull Island site for a period of some eight or ten years until all of that energy could be used in Newfoundland. They never did agree to buy the surplus energy, because they did not feel that they would need any surplus energy on that kind of basis for the eight or nine years or whatever with James Bay coming on and so on. In any event an agreement was not reached on that.

So we are now asking them to permit us, or are talking to them to permit us to take more from the Upper Churchill than the recall entitlement on the power contract, which is 300 megawatts. To build a transmission line to Newfoundland you have to have at least the assurance of 800 megawatts of power. And we are suggesting -

MR. SMALLWOOD: What would you need in horsepower?

MR. CROSBIE: - that we should have 800 megawatts of power from the Upper Churchill at the same price as they are paying to CFLCo, and that and other matters are being discussed with them. They may or may not agree.

MR. ROWE: What is it they want in return for permitting this recall from Quebec?

MR. CROSBIE: Well that is what is being discussed, yes. Right! I mean, I cannot say today, because these negotiations, you know, are not finished, and they may or may not be successful. If they are not successful we will have to go a different route. We will have to take a longer period of time to accomplish our objective. So, you know, whether we can go ahead this year with the transmission line and the tunnel will only be known in the next few weeks, at which time we will certainly report to the House. But the fact is that the Island of Newfoundland has to be connected to the Mainland of Labrador by tunnel and transmission line if we are to have any kind of a secure source of energy for the next forty or fifty years at any kind of cost that is at all reasonable, and we are thinking now and talking of the costs in five years time and six years time, not today's cost. It will still be a lot higher than today's costs, but a lot lower than the alternative of energy coming from steam utilizing oil here in the Province, or even nuclear. So it is desirable to have this hydro available here because, number one, it is going to be cheaper, and you will have a secure

MR. CROSBIE: supply of hydro, and once you have got it your costs do not escalate at all as they do when you are burning oil. So it is our policy and objective to develop the hydro resources of Labrador to bring to Newfoundland, to use in Labrador and if there is a surplus to export it. But the attempt to do that it is not easy to carry out, no more than it was easy for BPINCO to develop the Upper Churchill when they started out. It took them some fifteen or sixteen years to do.

MR. SMALLWOOD: Seventeen.

MR. CROSBIE: Seventeen years, and it may take us, I hope it will not take seventeen years but it may take us two, three, four, five six years to carry out. But no matter what it takes and no matter what government occupies the left-hand side of this Chamber facing the Speaker's Chair, this is the way they will have to go. This is the only way the Province can have any kind of future insofar as energy is concerned. This is the only way there could be a regional grid. This is the only way that we can have a stable source of energy that will not be escalating rapidly every year as oil is going to be.

Coal, we have not got coal. We cannot get the coal here.

MR. SMALLWOOD: Do not be too sure.

MR. CROSBIE: I think the development of Gull Island hydro itself, the 1800 megawatts of energy there, would replace 1800 million tons of oil a year. That by meeting our needs through hydro energy from Gull Island that Canada would be saving importing 1800 million tons of oil a year, a tremendous saving on the bill for imports and so on in Canada. So it is a project in the national interest as well.

I feel sure myself, Mr. Speaker, that Canada will see that we get the support to carry out this project if we have a satisfactory arrangement with the Province of Quebec that enables us to do it. If we do not have a satisfactory arrangement with the Province of Quebec and we cannot do it, or we cannot do it in the immediate future then we will have to take another approach to it. But it is

MR. GROSBIE: certainly something that is worth every effort for us to attempt to do.

Now the expenditures on Gull Island to the end of April, that is the expenditures and commitments that we will be involved in, including all the money spent to date will be about \$70 million. If the project has to stop most of that money will still have been well spent and the value of it will be there when you start up again. Hopefully we can continue on and we will not need to stop and start up again.

In addition of course, Mr. Chairman, as we will see when we get into the estimates, Newfoundland and Labrador Hydro are spending money on the Island of Newfoundland to develop further capacity and energy, at Bay d'Espoir, where there is another 150 megawatt unit going ahead there, and with turbines at Stephenville and St. John's, so there is an ongoing programme of capital expenditure of Newfoundland and Labrador Hydro. And by the way, Mr. Chairman, I want to make it clear again now that the rates charged to Newfoundland Light or to any of the rest of the customers of Newfoundland Hydro have no connection whatsoever with the money they are spending on Gull Island, which is accounted for separately, and none of it is charged in on these rates or in its expenses for these rates, nor has it anything to do with the purchase of the shares of CFLCo. It relates solely to the cost of producing energy and so on on the island system here in Newfoundland and it has nothing to do with these other projects.

In addition the Newfoundland and Labrador Hydro will continue on this year with 138 KV line from Churchill Falls to Goose, and working on that project during the year there should be a peak of 200 working on that by July. Now that is clearing, pole erection, framing and stringing, so certain capital projects of Newfoundland and Labrador Hydro will be going on regardless of whether the Gull transmission lines and tunnel continues to go ahead or not.

There are other projects; Bay d'Espoir; the 138 KV line and so on.  
MR. SMALLWOOD: Mr. Chairman, what is all this noise? Can we have

MR. SMALLWOOD: this noise stopped?

MR. CROSBIE: Would you stop the noise out in the hall there,

Mr. Chairman?

MR. CHAIRMAN: I ask the constable to take whatever action is necessary.

MR. NEARY: That is the member for St. John's Centre (Mr. Murphy).

Mr. Crosbie:

Of course as we get down the estimates more there is other information that I can give to the Committee.

MR. SMALLWOOD: Is the minister's speech a part of this seventy-five hours?

MR. CROSBIE: Yes, oh, yes. Definitely! Most definitely!

There is another comparison of rates by the way too, Mr. Chairman, the Committee might be interested in, and that is the electrical utility rate changes in the various provinces from 1966 to 1975 show that again we were the third lowest province in increases over that ten year period. The increases in Newfoundland were 30.6 per cent over that whole ten years; in P.E.I. were 41 per cent; B.C. just 15 per cent; Hydro-Quebec, 36 per cent; Ontario Hydro, 60 per cent; Manitoba Hydro, 47 per cent; Saskatchewan, 27 per cent; Calgary, 42 per cent; B.C. Hydro, 44 per cent. But we have started to have increases in the last year or two. Then of course if we look at personal disposable income and all the rest of it, you know, we are still better off overall in this Province than they were.

So that is a few words in general then on the hydro situation, Mr. Speaker, and on the Gull Island Project. There are reasons why this is very much in the national interest.

Now in other aspects of these estimates - and I would be delighted to debate all aspects of this with anyone - the government have already stated that Newfoundland Hydro will join with the Newfoundland Light in their application to the Public Utilities Commission for the rate increase that they are aiming at for July 1 this year, so that they will be before the Board and can be examined and cross-examined and the like.

MR. ROWE: Is that Newfoundland Hydro?

MR. CROSBIE: Newfoundland Hydro, yes, will participate with Newfoundland Light in the application and appear and give evidence, It will be available to be examined and cross-examined in the usual way. In addition, the government has made a decision that Newfoundland Hydro with respect to the rates that it charges Newfoundland Light will be subject to some regulatory authority in the future. We are working on that now.

Mr. Crosbie:

So that next year if there is or if there has to be any application for a rate increase there will be legislation brought in at this session, or the first thing in the next session, establishing the fact that Newfoundland Hydro will come under the jurisdiction of the Public Utilities Board most likely, but no final decision is made, if not it some other agency with respect to rate increases requested from Newfoundland Light, not with respect to every aspect of its operation. So that any application for rate increases can be fully explained to the public or fully discussed or examined or cross-examined in the usual fashion, the same as those applications are from Newfoundland Light.

We have up to this date have the same policy as the administration of the hon. gentleman from Twillingate (Mr. Smallwood). Newfoundland and Labrador Hydro or the old Power Commission was not subject whatsoever to the Public Utilities Commission or any other regulatory body. It reports and is responsible to the government.

MR. NEARY: Well, the government is more sensitive.

MR. CROSBIE: But there seems to be a widespread feeling that it should have to go before some public agency so that people will be fully informed or have a chance to appear and question and probe and so on, and the government have agreed that this will be done, and we will see if this works, if it can work, if it will work.

MR. NEARY: They would rubber stamp it.

MR. CROSBIE: It will make no difference to government, because government will be blamed for the increases anyway. The same as government is blamed now for any increases that Newfoundland Light institutes, whether it has anything to do with government or Newfoundland Hydro or not, it will still be blamed for any increases that Newfoundland Hydro gets whether or it it goes to some independent regulatory authority.

MR. NEARY: They would rubber stamp it.

MR. CROSBIE: So as far as trying to shift any responsibility or any public odium are blame, it will not work. The government is held responsible for everything that goes wrong. That is the way



Mr. Crosbie:

it is with governments, and it will continue to be the case. But  
it may be more satisfactory -

MR. SMALLWOOD: Would the minister? Would the

MR. SMALLWOOD: House of Assembly passes a law creating a Public Utilities Commission or whatever the name is - Board of Public Utilities Commissioners - when they do that and they give authority and power to that Board of Public Utilities they are creating, almost, a judicial body or - what is the word? -

MR. NEARY: Quasi.

MR. SMALLWOOD: Quasi judicial body. But when the House passes a law, which it did do, creating a Power Commission that Power Commission is not quasi or any other kind of judicial body it is an arm of the government. It is not only a creature - it is a creature of this House - but it is an arm of the government. It is like the Department of Energy. It is like the Department of Finance. It is like the Department of Fisheries. It is an arm, a department of the government. It is not called Department of Energy or Department of Newfoundland Hydro, it is Newfoundland Hydro Commission or whatever the title is. But it is just as much a department of the government as any other department of the Crown. That is why I say unless it were the Supreme Court, or something in between the Public Utilities Commission and the Supreme Court - not a quasi judicial body but almost a fully judicial body - it seems to me to be wrong to have an agency of the government supervised by another agency. It seems to me to be wrong.

MR. NEARY: Regulated by another agency.

MR. CROSBIE: Well, Mr. Chairman, you know -

MR. CHAIRMAN: If the hon. minister would permit me I have to point out that the hon. member has now spoken for forty-five minutes. Can he continue by leave?

MR. SMALLWOOD: I did not hear that. What was that?

MR. ROWE: Mr. Chairman -

MR. CROSBIE: Mr. Chairman, do you want me to continue?

MR. NEARY: The minister can carry on after.

MR. ROWE: That depends on who is recognized next.

MR. CHAIRMAN: The hon. the member for Trinity-Bay de Verde.

MR. SMALLWOOD: His time is up, is it?

MR. ROWE: If I have been recognized, Mr. Chairman?

I do not know how the minister wants to handle this because I do not know how long he intends going, but he will have an opportunity to speak on this heading, you know, for another forty-five minutes. If it were a short period I will be quite willing to yield, provided that I am recognized following the minister. But we do not want to see the situation that we saw last year where certain ministers consumed great amounts of time. So I do not know how much further the minister has planned to go on. Could he indicate?

MR. FLIGHT: He might complete the seventy-five hours.

MR. ROWE: Will I go on?

MR. CROSBIE: I do not mind. You go ahead and say what you have to say and then I will have a chance later on to say something.

MR. ROWE: Okay, fine!

MR. CROSBIE: I am just trying to make a few general introductory remarks, Mr. Chairman.

MR. ROWE: Well, Mr. Chairman, since we are on this particular heading, the minister's office, this is the time for general remarks from all members in this committee stage, and I would like to comment firstly on a statement that the minister made with respect to the increase in electrical rates in this Province. He said quite clearly that we are not too badly off after all, and the reason he gave for this was -

MR. CROSBIE: Comparison to other provinces.

MR. ROWE: - This is what I am about to say, Mr. Chairman. The reason he gave for this was that other provinces such as Ontario, and in particular P.E.I. and Nova Scotia had tremendous increase in their electrical rates over the past few years. What the minister conveniently, Sir, left out was the fact that P.E.I. has no hydro electrical resources whatsoever and neither does Nova Scotia. Absolutely none! They are wholly and solely dependent upon

MR. ROWE: diesel or fossil fuel or nuclear power in order to get electricity in their provinces. And Ontario, of course, has hydro but their hydro is becoming increasingly expensive. So we are not quite as well off as the minsiter indicates, Sir, when we make this comparison, when we do look at the hydro resource potential that we do have in Labrador and on the Island part of our Province.

Sir, we have had a long-winded debate on the pros and cons of the government's acquisition of the BRINCO shares and thereby taking over the Upper Churchill and the Lower Churchill, which is an undeveloped natural resource.

MR. ROWE: You can spend hours on that and I think we have debated that. Suffice it to say that as it turned out it was a colossal blunder, in this point in time it was a colossal blunder.

MR. NEARY: The member for Twillingate (Mr. Smallwood) told you that only the other day.

MR. ROWE: Here we go with the basement job again! I would expect that the hon. member, if he has his own way, will have, you know, we will be scratching out at the clay, digging tunnels down in the basement with bare light bulbs.

MR. NEARY: Do not be nasty now like your leader.

MR. ROWE: Mr. Chairman, I would ask for, you know, a little bit of silence. It is bad enough having opponents on the other side. Having them on this side makes it even more difficult to try to make a point.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. ROWE: Now, Sir, as it turned out at this point in time the acquisition of these shares and of BRINCO and the fact that the government has now to develop the Lower Churchill, has turned out to be colossal blunder. And we on this side voted for that colossal blunder because we made a colossal mistake in thinking the government knew what they were doing at the time. We were given every indication by members opposite that everything - thirteen studies had been done by various engineering firms, fiscal firms and what have you. The government had all this in their possession. They told us all about it. The impression was given that technological problems did not exist, that there was no problem with respect to the markets and no problems with respect to the raising of the money for the development of the Lower Churchill. Well as it turns out there were problems on all three points - to a lesser degree on the technical aspect of it. But it was a colossal blunder and we will leave it at that. There is no sense, it is water under the bridge, there is no sense for needless repetition. It is water under the bridge.

MR. ROWE: It is more than water under the bridge, it is water running out into the ocean, millions and millions and millions of dollars worth of it.

But, Sir, suffice it to say that we have not had the answers from this government that we need to have with respect to the Gull Island site. The hon. the Premier, - I saw him on television on his way to meet with the Quebec Prime Minister and the Minister of Mines and Energy - Cournoyer, I think - in Quebec -

AN HON. MEMBER: Premier of Quebec.

MR. ROWE: Prime Minister of Quebec.

MR. MURPHY: Prime Minister, yes.

MR. ROWE: Yes. - gave every indication that the Lower Churchill was about to be developed. Three days later in the House of Assembly I was directing questions to the hon. the Minister of Energy and, you know, sort of brought this to his attention and asked him when he expected the Lower Churchill-Gull Island, to be developed. He said he did not know. One, two, three, four, five, six, seven or eight or nine or ten years, he did not know! Well, Sir, I have learned from reliable sources - and I have to keep the name of the individual confidential - but I can assure the Committee, Sir, that he is not a member of the Newfoundland and Labrador Power Commission or Power Corporation - but I have learned from a member of another corporation in Canada, or on the mainland, that in the effort to recruit -

MR. HICKMAN: Something for Front Page Challenge.

MR. ROWE: Well the minister has an opportunity to speak. I have learned that in an effort to recruit by Newfoundland and Labrador Hydro they were giving the impression over the past year that the Gull Island site would not get off the ground for at least three years. And this was at the very time the hon. minister was indicating and the mini budget was suggesting that at least one year. So we have not gotten the real truth with respect to this Gull Island site development yet. The Premier says soon, the hon. the Minister of Mines and Energy really does not know.

MR. ROWE: And probably that is closer to the truth - he really does not know.

But I have reason to believe from a reliable source that the government has indicated in correspondence in its recruiting programme for hydro electric that at least three years, at the very time the mini budget was saying one year.

Mr. Rowe:

We can ask questions about the tunnel. I think the minister has indicated here this afternoon that what is going to be done about the tunnel is really still up in the air. The same way with the transmission lines. Sir, the whole problem exists with us today not necessarily because the government acquired the shares of BRINCO. That was not the real blunder. I might have misrepresented my own thoughts when I said that was a colossal blunder.

What the colossal blunder really was, was that during the acquisition of the BRINCO shares, and with a gigantic undeveloped natural resource to be developed that cost money, and the government not telling the people of Newfoundland that they did not have the money to develop it, and did not have the markets to use the electricity, the real colossal blunder, Sir, was the fact that the government did not start right away and start to develop alternative sources of hydro electric power in the Province.

MR. CROSBIE: We are, for Heaven's sakes!

MR. ROWE: You are, for Heaven's sakes! Yeah! the minister says, "We are for Heaven's sakes." They are going to stick another unit in the Holyrood thing.

AN HON. MEMBER: Oh?

MR. ROWE: Well this is what was said in this hon. House some months ago. And we got the Bay d'Espoir situation. But I have listed off in an earlier debate seven sources of power in Labrador going into 3,000 or 4,000 megawatts. We got sources on the Island part of our Province, eight potential hydro-electric sources which would add up to 445 megawatts which would take care of our domestic need anyway. And the government have just been starting recently to develop some of these sources and the lead time will put us into a situation where we are going to have to ration or raise the cost of electricity. That is the real reason for any increased cost of electricity in this Province, that the government had tunnel vision. They zeroed in on the acquisition of the BRINCO shares. Ownership of natural resources?



Mr. Rowe:

You cannot argue against that. But you can argue against the tunnel vision that the government had in not developing other sources sooner in order to take care of our domestic needs and keep the price of electricity down for our customers.

MR. CROSBIE: A good chance! How are you going to keep them down?

MR. ROWE: Well the hon. - well there are such as.

SOME HON. MEMBERS: Oh, oh!

MR. ROWE: Such as - I cannot hear, I am not -

MR. MURPHY: We talked about the Lloyds River and there was a revolution in Central Newfoundland. Where else?

MR. ROWE: Well, okay. You have the Terra Nova River. Now the hon. minister mentions that it has environmental factors.

MR. MURPHY:

MR. ROWE: Piper's Hole, Cat's Arm, Upper Salmon - that is the Lloyds River Diversion; the Main River, Upper Humber, the Hynes Brook, in Labrador the Eagle River,

MR. CROSBIE: You cannot develop all these at once.

MR. ROWE: Paradise River, the Red Wine, the Goose River and the Fig River.

MR. MURPHY: There are thousands of rivers.

MR. ROWE: And also you had to you could develop the thermo plants using oil, but develop them on time. It is as simple as that.

But, Sir, what a situation we are in. It is absolutely an incredible situation. Here we have P.E.I. and Nova Scotia with absolutely soaring electrical rates, soaring, because they have no hydro resource. They just do not have it. And here we are sitting in Newfoundland -

MR. CROSBIE: That is one reason.

MR. ROWE: Here we are - one of the main - it is the main reason.

MR. CROSBIE: It is not the main reason.

MR. ROWE: It is the main reason, in my humble opinion. The hon. minister may differ.

Here we are in Newfoundland and Labrador with vast rivers,

Mr. Rowe:

thousands upon thousands upon thousands of megawatts, and our sister provinces in the Atlantic region sitting there with exorbitant electrical rates, and we with our electrical rates going up. Now there are many problems, Sir. There are many reasons for these increases in electricity. But it is a very ironical situation. And, Sir, I think that the hon. member for Twillingate (Mr. Smallwood),

Mr. Rowe:

who fought through this, might agree with me, might agree with me when I say that one of the greatest failures or threats with respect to the spirit of Confederation as it affects us and the other Atlantic Provinces has been the attitude of Quebec with respect to transmitting power out of Labrador. They had, I could use various parts of the anatomy, but I will stick to throat, Quebec had the previous government by the throat. And the situation is the same today, Quebec has this administration by the throat. And if there was ever a threat to the spirit and essence and the meaning of Confederation as far as it applies to this Province is concerned, I have to stand here today and say it is the Quebec Government even though they were Liberal at the time. They could blackmail us. They had us surrounded. And the situation has not changed that much today. And Quebec, as far as the Eastern grid system is concerned, I would suspect, that we probably would have had greater progress in that area if it had not, and at the present time were not because of the attitude of the Province of Quebec.

Now what the heck we do about it I do not know. Probably it is a time when all parties in this House unite, go to the Federal Government and declare the whole thing in the national interest, that this electricity be brought through Quebec and supplied to the Eastern Seaboard of the Mainland of Canada and supplied to Newfoundland, of course. We can get the tunnel going across now in time. But it is a very serious and ironical situation when we have provinces in the Atlantic areas starving for electricity, paying exorbitant rates and we have tons of water pouring to the sea and not through turbines in the run of a day. It is a sad, sad situation.

Now, Sir, I was going to get into this whole business of electrical rates, and the Newfoundland Light and Power Company and the Newfoundland and Labrador Hydro Corporation. I was going to make the point, and indeed my colleagues when I was away and the Liberal Party have made the point and made the point during the election campaign, that the Newfoundland and Labrador Hydro should be subjected to exactly the same thing as the Newfoundland Light and Power Company.

Mr. Rowe:

When they want to increase their rates -

MR. HICKMAN: Why did you not do it?

MR. ROWE: Well number one, I was not the government.

MR. HICKMAN: Your party was.

MR. ROWE: Well, okay! You will have to talk to the hon. members who were in the government, you know, at the time about that.

AN HON. MEMBER: He was in the government.

MR. ROWE: As a matter of fact why did you not do it? I mean, why did not the hon. minister do it? He was in the government. Why did not the hon. Minister of Justice do it? Who else over there was in the government?

MR. HICKMAN: It must be someone in power.

MR. ROWE: You know, why did you not do it? It is a good question.

MR. CROSBIE: We were not allowed to do it.

MR. ROWE: An excellent question.

MR. CROSBIE: We were not allowed to do it.

MR. ROWE: Okay, you were not allowed to.

AN HON. MEMBER: What do you do?

MR. ROWE: Now after four and a half years in power we finally beat it into the administration's head opposite the the Newfoundland Hydro Corporation should be heard by the Public Utilities Commission before any increase - and I welcome the minister's intention to bring in legislation to that effect. I welcome him and I commend him for it, and I sincerely hope that it will be brought in before they jack up the prices, before July 1, I believe. It has got to come before Newfoundland and Labrador Hydro jack up their prices. It is as simple as that.

Now with respect to the Light and Power Company. Sir, sometimes I almost compare them with Quebec - Quebec to Labrador - and the export of electricity, if I can call it that, or transmission of electricity, is the middleman, is the middleman.

MR. F. POWE:

It is a lot more than that but to put it kindly they are the middleman. The Light and Power Company is to Newfoundland and Labrador Hydro the same thing. They are the middleman. Newfoundland and Labrador Hydro are the wholesalers of electricity in this Province. The Light and Power Company is the retailer of electricity in this Province.

Now I am not going to stand here and say nationalize everything in sight. I am not advocating necessarily the nationalization of the Light and Power Company because it is going to cost the Province money. Obviously you would have to pay to start off with \$4 million or \$5 million to the shareholders to acquire -

MR. CROSBIE: You would pay a lot more than that.

MR. F. POWE: It will probably be even more than that. Well there is the minister re-emphasizing the point. It would cost this Province a great deal of money, money that we may not be able to spend. My understanding would be that \$4 million to \$5 million would have to be paid to the shareholders. But, Sir, the fact is that they are the middleman, and the fact is they just made \$5.6 million profit this year, \$1 million in excess of the profit they made the year before, and we still have this thing they call cost of service adjustment which is hitting the electrical consumers, that extra seven per cent.

I think it is high time now that the Public Utilities Commission reviewed that cost of service adjustment with a view to wiping it out if the Power Company have increased their profit this year over last year. Now the minister gave some valid reasons why you should not do that. You would not get people investing in the Power Company. But it is a very curious question, Mr. Speaker, why a government would see fit - and I would like the minister to try and answer this, or to answer it - I am sure he is capable of answering it - to answer this academic question - why would a government buy out the shares of Brinco, costing \$160 million or \$180 million? -

MR. SIMMONS: \$160 million.

MR. F. ROWE: \$168 million- why would a government buy out Brinco, the shares of Churchill, \$180 million and take over an undeveloped natural resource which is going to cost \$2.3 billion at this point in time, and it will probably be \$3 billion or \$4 billion by the time the government gets around to developing the Cull Island site, why would a government do that? Why would they do that and not spend the \$4 million or \$5 million in acquiring the shares of a power company?

MR. CROSSIE: Let us look at how many shares there are in Newfoundland Light and what they trade at today and you will see \$4 - \$5 million is ridiculous. They are trading at \$11 or \$12 and I do not know how many shares are involved or how you can take them from private citizens.

MR. F. ROWE: Well, I mean, would it be a saving to the consumer? I mean what goes for Newfoundland and Labrador Hydro, which is a wholesaler, must hold true for the Light and Power Company, which is a retailer, unless you are trying to protect the interests of people who can afford to invest in such a company. I am not going to say that these are the minister's motives and I did not mean to suggest that. It might have sounded like it. But I think this should be looked into. The question should be asked. I am not advocating nationalizing everything in sight. I am not a believer in nationalizing everything in sight unless it is in the interests of the Province. I am not a believer in acquiring the shares of everything in sight unless it is in the best interests of the Province.

But why, I ask again, pay out \$180 million.

MR. F. ROWE:

then have a development on your hands which is going to cost \$2.3 billion at this time, and not have a look at the Light and Power Company? Just a curious question, Mr. Chairman.

MR. SMALLWOOD: What good would it do if they were brought out?

MR. F. ROWE: Well this is the question I am asking. Would it be -

MR. SMALLWOOD: What is the member's opinion.

MR. F. ROWE: Well I am just wondering if it would cost the consumer less for electricity. It is as simple as that. Look, presumably Mr. Chairman, if you have a middleman in there, people are running it. Probably it is necessary.

MR. SMALLWOOD: They produce some electrical power.

MR. F. ROWE: I realize that. But they also buy power from the Newfoundland and Labrador Hydro. They buy power from the Newfoundland and Labrador Hydro, approximately 70 per cent of it, is it?

AN HON. MEMBER: That is right.

MR. F. ROWE: Seventy per cent of the power sold by the Light and Power Company is purchased from the Newfoundland and Labrador Hydro. Now if I am going to sell my can of beans to my colleague from Burin (Mr. Canning) here at wholesale prices, and he sells them to somebody else, the consumer, he is not going to do it for nothing. It is as simple - why cannot Newfoundland Hydro distribute it? Why cannot they retail it? Why cannot they wholesale it and retail it?

MR. CROSBIE: They could.

MR. F. ROWE: Well, why are they not doing it?

MR. CROSBIE: I will explain.

MR. F. ROWE: Well, okay. I mean, I am not trying to be snarky or anything. I am trying to ask a legitimate question. I hope I get a reasonable answer in that regard. I am not playing politics on any of this. I do not know why the Minister of Fisheries happened to place himself behind the Minister of Mines and Energy while I was talking, but I am not playing politics in this particular instance, nor have I in the past, of course.

MR. F. ROWE:

Now, Mr. Chairman, another point that I would like to make is this whole business of the development, management and exploitation of our offshore resources which comes under the jurisdiction presumably of the Minister of Mines and Energy, presumably. Unfortunately when you get into Mines and Energy you sometimes get into Industrial Development and sort of the Come By Chance situation. But you note the words, Mr. Chairman, that I used here, development, management and exploitation of the offshore resources of this Province. Now I deliberately left out the word 'control' or 'jurisdiction' because I think that is the biggest red herring that was ever dragged across the national scene, the control or jurisdiction of offshore resources.

I think what should have been used over the past few years, Sir, is development, management and exploitation because that is really what we are talking about. This little Province, however great we feel it is, cannot afford to develop, to explore in the first instance - explore - secondly, develop, nor fully manage our offshore resources. I do not know if we could even afford to exploit it. Therefore we had to turn to some other source, and that is the private sector or the federal government. Now let us forget about the fisheries altogether, when we are getting into talking about the 200 mile limit let us forget about the fisheries because that is another department. Let us talk about the Continental Shelf.

As a matter of fact, Sir, the Liberal Party of Canada is on record in its recent 1975 convention, is on record as follows - and this, by the



MR. ROWE:

way, was moved by the Atlantic caucus. In fact, I moved the resolution which was drafted by the whole Atlantic caucus.

"Be it resolved that Canada immediately served notice to the international community that Canada will not delay further the extension of its jurisdiction over the fisheries - that is another department - and marine resources over the Continental Shelf, slope and rise for a distance of 200 miles whichever is greater if the third conference of the Law of the Sea in March 1976 fails to produce an international agreement."

The Liberal Party is on record for that limit.

AN HON. MEMBER: But what about control?

MR. ROWE: This is why I used the words before, "explore, develop, manage, control and exploit," the offshore resources rather than just who has control. Because when we get into the area of who has control, we will get into a confrontation with Ottawa - right? - a confrontation with Ottawa as to who has control or jurisdiction over the offshore resources of our Province.

Now, Sir, since we do have Petro Canada - and by the way Cabot Martin, the legal adviser to the government on this matter, has a thesis which says, you know, we have special rights, special rights because of our history as far as jurisdiction of our offshore resources are concerned, and I believe the hon. member for Twillingate (Mr. Smallwood) might wish to confirm this, that the late Right Honourable Louis St. Laurent also had the same view, that we had a special case with respect to ownership or control of our natural resources. He believed that we did indeed have a special case. But, Sir, I would like to see the whole question - and I do not know whether I am being too theoretical or academic or philosophical or naive on this point - but I would like to see the whole question of ownership just dropped - that might sound like an astounding admission - forgotten about both by the federal and provincial

Mr. F. Rowe.

government and have the federal and provincial government get together through Petro Canada or some other - that is far as oil is concerned; obviously, there would have to be some other agency as far as base metals or that sort of thing is concerned - but have the federal and provincial government get together, and obviously Ottawa are going to have to foot the major part of the bill along with private enterprise in the exploration, development, management and exploitation of our offshore mineral resources and oil, gas and what have you. It is as simple as that. They have already indicated that they are planning to do some drilling, Petro Canada. It is going to cost the federal government a lot of money to explore if they become involved, and they are going to expect some return, just the same as Newfoundland over the past twenty-six years has been expecting something from the mainland or the federal government, Uncle Ottawa, to try to bring us up to par with respect to the standard of living of other parts of Canada. We have always been on the receiving end. We have been always looking. Presumably if we become a "have" province, we discover oil, we would do likewise for our sister provinces. If they are poorer off, we would want to share out wealth with them. I do not think that that is an unusual thing, as we expect them to share their wealth with us at the present time through the federal government.

MR. NEARY: Would the hon. member permit a question? In connection with dropping the offshore mineral rights, gas and oil, is the member speaking for his caucus or is that a personal opinion?

MR. ROWE: No, I am speaking for myself and for caucus. I think we have managed to get along together pretty well since the last election. I have not had any -

MR. NEARY: I just wanted to make sure. It was so absurd that I just wanted to make sure you are speaking for yourself.

MR. ROWE: And I know what the hon. member is getting at.

MR. NEARY: Fantastic!

MR. ROWE: See the hon. member is focusing on a particular thing. What I am trying to point out - and I will repeat it again, Mr. Chairman - that it is time that the federal government and the provincial government in this Province - I am not placing the blame anywhere - get together, and in the case of oil, through, say, PetroCan or Petro Canada explore, develop and exploit the oil resources and gas resources off our coast.

MR. NEARY: And give up our bargaining power and our rights.

MR. ROWE: I did not say anything about giving up bargaining power. I am saying that there should be a partnership between Canada and this Province - and I repeat - in exploration, development, management and exploitation of the resources off our coast. It is as simple as that.

Mr. F. Rowe.

And I think we have been emphasizing for too long this whole business of jurisdiction and control. It is true, but it is unfortunate that we got to deal with it. It is probably something that we are going to have to deal with and face as long as we are alive. I do not know.

MR. NEARY: If you were Premier it would be insignificant.

MR. ROWE: I am not the Premier.

But obviously it is holding up progress at the present time, and that is my objection. You know, this is why I use the phrase "I wish we could drop the whole question."

MR. NEARY: And you are speaking for your party when you say this?

MR. ROWE: And, Mr. Chairman, I was speaking quite rhetorically, as the hon. member must realize, quite rhetorically.

MR. NEARY: Are you speaking for your party or are you not?

MR. ROWE: I wish it was not there.

I know what he is trying to drag me into saying.

MR. NEARY: The member said it. I did not say it. I am not trying to drag anything out of him.

AN HON. MEMBER: Watch the radio tomorrow morning.

MR. ROWE: Oh, I will watch the radio tomorrow morning.

Now, Mr. Chairman, there are -

MR. NEARY: What I got to say, I say it in the House, and outside the House. One thing, I am not afraid.

MR. ROWE: Mr. Chairman, before the minister gets an opportunity to reply to some of the questions that I have raised - I will probably have further questions - I would like to ask why is it that in the salary estimates, in the main estimates under heading 1104, subhead 04 we got the Newfoundland and Labrador Hydro Corporation, \$4.4 million? The revised estimates are zero. I do not know what was put in there last year. It is a curiosity where that came from. Yes, the estimates

Mr. Rowe.

last year were \$6,094,000 for the Newfoundland and Labrador Power Commission, which is now Newfoundland and Labrador Hydro. This year we see the revised estimate for that year and it turns out to be zero dollars. And we got \$4.4 million provided to Newfoundland and Labrador Hydro. But that is something I would like to have explained. As well I would like to know why it is that in the salary details that the salaries of this particular corporation are not included. Probably they never have been included. That may be the simple answer. But I would like to raise a question, should or should they not be included? Is there anything sacred about Crown corporations? There is. There is something sacred about Crown corporations where you do not give out the salaries of the people who work with Crown corporations. I would like for the minister to explain just how sacred it is and the rationale for that. I will have some other questions for the hon. minister later on, Mr. Chairman.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Chairman, for the last three or four years now, Sir, I have been trying to get an explanation of the difference between Liberalism and Toryism in this Province and this afternoon, Sir, a few moments ago I got the answer. I was not quite sure if I understood the hon. acting Leader of the Opposition correctly or not, so that is why, Mr. Chairman, I put a couple of questions to the member to try to clarify a statement that he had made. The deputy leader of the Opposition -

MR. ROWE: What is all this garbage? A point of order, Mr. Chairman. What is all this garbage about deputy leader and all this bull, you know? I am the hon. member for Trinity - Bay de Verde, and House Leader on the Opposition side. I am not deputy leader or acting leader or anything else. If the member is going to refer to an hon. member in this House he should use the appropriate, proper terms.

MR. NEARY: Mr. Chairman, to that point of order, Your Honour.

The hon. member, Sir, to my knowledge gets an extra \$10,000 a year in this honourable House for being House Leader on the Opposition side.

MR. ROWE: How low can you get! You dirty, rotten scum!

MR. NEARY: Mr. Chairman, that is on the public record, Sir.

MR. ROWE: You have been jealous ever since.

MR. NEARY: And I would presume in the absence of the Leader of the Opposition - and the member is not the spokesman on energy, the spokesman on energy is behind the hon. member, but I would assume -

MR. ROWE: I beg your pardon, Mr. Chairman -

MR. NEARY: Mr. Chairman, -

MR. ROWE: He is wrong -

MR. NEARY: Mr. Chairman, I would assume in the absence -

MR. ROWE: He is making a fool of himself.

MR. NEARY: - of the Leader of the -

AN HON. MEMBER: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. NEARY: Mr. Chairman, I would assume then in the absence of the Leader of the Opposition that my hon. friend would be Deputy Leader of the Opposition.

MR. CHAIRMAN: Order, please! I do not deem a point of order arises. There may be a difference of opinion between two hon. members, but I do not take it as a point of order.

The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, my understanding of the position of the official, the old Liberal Opposition, the old-line Liberal Party, their official position on offshore resources, minerals and gas and oil, is the fact that the government should drop any case that it may feel that it has with the Government of Canada, drop that right away and invite Petro-Canada to come in and do some drilling and exploration on behalf of the Province, before it is established what rights this Province have in regard to offshore mineral rights -

MR. ROWE: On a point of order, Mr. Chairman.

MR. CHAIRMAN: A point of order.

MR. ROWE: You know, I do not want to get into a squabble with my

Mr. Rowe:

former colleague, the member for LaPoile (Mr. Neary), but I made a statement in this House today which he is now misrepresenting. I did not advocate that we drop our bargaining position with - just one second now. The Minister of Mines and Energy need not get into it. I did not advocate, he might have heard it that way and if I did say it I retreat -

SOME HON. MEMBERS: Retreat! Retreat!

MR. ROWE: I retreat. I retraat. I would run out of the House. I would jump out of the ninth window. But I did not say, nor did I mean to say that we drop our bargaining power with Ottawa as far as ownership of the offshore resources of this Province are concerned. I expressed the feeling that it is too bad that it cannot be dropped and we cannot get on with the job of exploring, developing and exploiting in a partnership with the Federal Government. That is what I meant to say, and that is what I thought I said. And I will not have the hon. member from LaPoile get up and mistepresent or twist the words that I used in this House. If I said that, I retract it, obviously. If I said it I did not mean to say it, but I did not say it.

AN HON. MEMBER: Shame!

MR. ROWE: It is as simple as that.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Chairman to that point of order, Your Honour. I do not know why the hon. member for Trinity-Bay de Verde, the House Leader on the Opposition side, the Deputy Leader of the Opposition, why he persists on harassing me, Sir. That was not a point of order, that is just a matter of an opinion between two hon. members,

MR. ROWE: It was a matter of misrepresentation.

MR. NEARY: I would submit, Your Honour, that members not be allowed to delay - I only have forty-five minutes, Sir, and all the member is doing is just taking away from time that I have to speak in this House.

MR. ROWE: I have a right to rise a on a point of privilege.



MR. CROSBIE: On a point of of order, Mr. Chairman. I will support the hon. member for LaPoile in his objection to this point of order. It is an needless harassment on the hon. gentleman. And as far as a difference of opinion between two hon. gentlemen is concerned, I distinctly heard the hon. gentleman, the House Leader on the Opposition side - I do not know anything about his emoluments. I think that is irrelevant as to what emoluments he gets for being House Leader on the other side. They are not enough. If they are three times as much I would think he would be ill-paid - but I distinctly heard him say that we should drop the whole issue of ownership of our offshore resources and that the Liberal policy - he was asked, was he speaking for his caucus and said, yes. The Liberal policy was to drop it for this Province, to surrender, to withdraw from the whole field of contention, to give up, to surrender to Ottawa the whole question of ownership and jurisdiction and to go on and develop, somehow, and manage and exploit it, and I am sure every predecessor of his party was spinning in their graves, Sir Robert Bond, well the gentleman for Twillingate is here, but I saw him spin in his chair when he heard that statement. I am glad the hon. gentleman is clarifying it.

MR. ROWE: Well, Mr. Chairman, to that point of order, if I may.

MR. CHAIRMAN: Order, please!

MR. ROWE: Well I mean is -

MR. CHAIRMAN: Order, please!

MR. ROWE: Can I speak to the point of order, Mr. Chairman? I mean it is a very -

MR. CHAIRMAN: I think the hon. member has explained alternatively speaking in terms of the point of order. Do you have an additional point?

MR. ROWE: Yes. You know, just to claify the situation for the hon. Minister of Mines and Energy, and my former colleague from LaPoile,

Mr. Rowe.

If I did in debate say that we should drop the whole question of ownership or jurisdiction of our resources offshore, I retract that statement completely. Because obviously I would have been a fool to have said that.

MR. CROSBIE: Hear, hear!

You were a fool to have said that.

MR. ROWE: What hon. members forget, Mr. Chairman, is the simple that I meant, or did say, that I wish we could forget it and get on with the development of our offshore natural resources. Now if hon. members want to continue on and go on radio tomorrow and get up in this House and try to say that is what I said or meant to say or what I mean, they are free to do it, but they are misrepresenting what I said or what my intentions were. It is as simple as that. I did not say it, or I did not mean to say it. It should be settled right here.

MR. CROSBIE: A complete and utter retreat from that statement.

MR. CHAIRMAN: Order, please!

MR. ROWE: Sure, of course, if I said it.

MR. CHAIRMAN: Order, please!

I think the matter raised is covered by Standing Order 53 (a), and the hon. member has explained the point he was making, and I do not think we need to dispose of the point of order otherwise.

MR. NEARY: Mr. Chairman, I do not want to belabour the point, but I thought, Sir, for the first time in the last three or four years I had detected a difference between Liberalism and Toryism. But now the member tells, although he has not told us what the position is of the official Opposition, he tells us now that that is not what he meant. I did distinctly hear the hon. member saying to the government, "drop it." I think the most logical line to take is the one that

Mr. Neary.

was outlined the other day by the hon. member for Twillingate (Mr. Smallwood) and that is to continue to negotiate with the Government of Canada, to negotiate strenuously, not to take a break at all, to keep the pressure on until a settlement is reached. I believe the minister sent Mr. Leo Barry - I am not quite sure now about this, perhaps the minister can tell me when he is answering other questions - but I believe the minister did send Mr. Leo Barry, a former minister of the Department of Mines and Energy to British Columbia recently to spend a couple of weeks studying a case that was before the British Columbia courts, before the Supreme Court of Canada, I think it was, and the decision was handed down in favour of the Government of Canada. So there is a precedent, and there is no point in knocking our heads on a stone.

MR. CROSBIE: There was no decision on that one.

MR. NEARY: I beg your pardon?

MR. CROSBIE: There is no decision on that case.

MR. NEARY: There is no decision. Well that is one piece of information that I did not know. But Mr. Barry was out there recently, and I would like to know what advice he has given the government. I have a great deal of respect for Mr. Barry. As a matter of fact, I said after the September 16 election that I was sorry to see Mr. Barry defeated. There are other members of this hon. House that I would have preferred to see go before Mr. Barry got defeated, because I thought he had mastered the Department of Mines and Energy, that he was doing -

MR. SMALLWOOD: You are glad to see Pat Canning elected?

MR. NEARY: Oh, I am glad to see my former colleague the member elected, but Mr. Barry was a very able man. He was very clumsy on his feet, and I was the one who put the title "Schoolboy Debater" on him. He could not handle himself on his feet, but he

Mr. Neary.

was a very able man and he managed to master that department and surround himself by good advisers, and he was giving the House good answers to questions, and he was giving good information to the public, And I had no hesitation at all, after the election, to praise Mr. Barry for the work that he has done, and I forecast to my friends that within a very short time the government would have to call upon Mr. Barry, because of his wealth of knowledge of the Department of Mines and Energy, they would have to call upon him to do some consulting work for that department. And I understand that Mr. Barry has been out to British Columbia, and I would like to know what advice he has given the government in connection with the offshore problem. I, for one, Sir, I can state right here and now, standing on this side of the House,

MR. NEARY: representing a fair number of people in this Province, the Independent Liberals, that I think that the offshore resources belong to Newfoundland -

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: - and that it is Newfoundland that should get the lion's share of any revenue from the offshore resources. I am not wishy-washy. I am not suggesting to the government they drop it. My position, Sir, and I would be very surprised - if the Leader of the Opposition were in the House this afternoon he probably would have fallen off his chair, because when I was a member of the caucus the position of the old-line Liberal Party - because I kept them on the line - was to agree with the government in this particular case, that the resources belong to Newfoundland, and the people of this Province are the ones that should benefit by any discovery off shore. That is why I was very surprised today when it was intimated - not intimated it was stated - that the government should drop this matter. So maybe now, Mr. Chairman, we are getting the real difference between Liberalism and Toryism.

But this Liberal here, Sir, is consistent. And I say to the government, keep up the fight! Maybe eventually the thing will have to be settled through negotiation and not in the courts. Maybe the case before the court out in British Columbia may settle it for all the provinces of Canada forever and ever. But let us not surrender. Do not give in! Keep up the fight in the interest of the people of this Province.

Now, Mr. Chairman, in connection with the forced takeover of the Churchill Falls Corporation, there is one question that I want to put to the Minister of Mines and Energy that is not clear in my mind. And I want to say, Sir, before I put my question to the Minister of Mines and Energy that I was the only member of the Liberal caucus at the time who agreed that Churchill Falls, that the production of power and the distribution of power in this Province should be taken over by the government. I did not say it should be nationalized, because when you are talking about

MR. NEARY: nationalization you are talking about something that comes under federal jurisdiction. But I claimed that the distribution and the production of power should be provincialized. Now I do not know if there has been a change of heart in the Liberal caucus on that matter because now my former colleague told the House this afternoon that he agreed, the hon. member agreed that the Newfoundland Light and Power Company should be nationalized. I say it should be provincialized. That seems to be a change of heart and a change of policy.

But I was the only one, Mr. Chairman, at the time -

MR. F.B. ROWE: Mr. Chairman, on a point of order.

MR. CHAIRMAN: The hon. the member for Trinity-Bay de Verde.

MR. ROWE: I think once again the hon. the member for LaPoile (Mr. Neary) is misrepresenting things that I have said in this House. He is only hearing what he wants to hear. Now I can say this quite clearly and without qualification, at no point did I suggest that the government nationalize the Light and Power Company. At no point did I even suggest that they should acquire the shares or buy out Light and Power.

MR. NEARY: That is not a point of order.

MR. ROWE: It is a point of order, Mr. Chairman, because the hon. member is misrepresenting the language of another member used in this House.

MR. NEARY: I am not. Do not be so foolish.

MR. ROWE: And that is clearly - I do not have the citation here in front of me - it is clearly in Beauchesne.

MR. NEARY: Wait until you sit down then we can answer it.

MR. CHAIRMAN: Order, please!

MR. ROWE: Okay, then if it is not a point of order at least it is a point of explanation, and I would like to go on record as saying that what I asked the government is, "How come they could acquire BRINCO and they did not think about acquiring the Light and Power Company?" Now that is the question that was asked. It was not even a statement. And the minister jotted down the answer. He has an answer ready for me over there. No suggestion

MR. ROWE:                    whatsoever.

MR. CHAIRMAN:            I feel that that is not a point of order.

MR. NEARY:                Mr. Chairman, I distinctly heard the member -  
and I am not going to waste my time being harassed by the member -  
I distinctly heard -

MR. ROWE:                You are going to hear more from me if you  
misrepresent my language.

MR. CHAIRMAN:            Order, please!

MR. NEARY:                - I distinctly heard the Deputy Leader of  
the Opposition say, "This is purely an academic question. I would  
like to find out" he said, "how much it would cost for the government  
to take over Newfoundland Light and Power Company and why they did  
not take it over the time they kicked BRINCO out?"

MR. NEARY:

He said it was purely academic. Well, Sir, let me explain my position with regard to the takeover of Brinco. I was the only member on the Opposition side of the House at the time who suggested to the government that they provincialize Brinco, that they provincialize the production and distribution of power in this Province. For that Sir, I make no apologies, none whatsoever. When we had the secret meeting over in my hon. friend's basement, the hon. former Leader of the Administration, the former Premier -

MR. F. POWE: Consultation.

MR. NEARY: It was not consultation, Sir. There was a consensus and there was strategy worked out and there was agreement. It was not written, oral agreement. My hon. former colleague, the former Premier was the only man to point out the weaknesses in the takeover at that particular time. To say, "To point out the weaknesses" is putting it mildly. The hon. former Premier was violent about the fact that he felt that the government were making a big mistake.

Then the old-line Liberal caucus - I am just rehashing what I said before in the House - there was sort of a consensus and there was a strategy worked out and the Leader of the Opposition was supposed to take to the television and the radio and state the case on behalf of the old-line Liberal Party which more or less coincided with what the former Premier wanted, that was to fight tooth and nail against the takeover. I pointed out at the time that I was in a rather peculiar position because I had publicly and in the House stated that I agreed with taking back our natural resources. I agreed to it. I was the only one.

But now, Mr. Chairman, there was a matter of timing. That did not necessarily mean that I agreed with the timing of the takeover. I expressed grave concern that the government's timing was wrong and that they should have went on and allowed Brinco to develop the Lower Churchill and then allow them to get a reasonable dividend on their investment, returns on their investment and then take back the resources.



MP. NEARY:

That was my position.

MP. SMALLWOOD: A good position.

MP. NEARY: Not bad, Sir, I must say, for a greenhorn, for the lowest form of life from Bell Island, not bad. But, Sir, that was my position. And I still think that I was right.

Now, Mr. Chairman, back last November the Minister of Mines and Energy came into this hon. House after the government ran into severe financial difficulties, the escalation of the cost of the development of the Lower Churchill, the bad reputation they had developed in the international business world by forcing Brinco out and so forth and so on, because of all these things the minister came in and told us that the development of the Lower Churchill would have to be postponed for one year. But it was the government's intention to proceed for at least one year with the development of the tunnel and the transmission line to Happy Valley-Goose Bay and the transmission line to the Upper Churchill to come across through the tunnel to the Island of Newfoundland.

I voted in favour of that, Sir, again the only member on the Opposition to vote for it. My hon. friend from St. John's East (Mr. Marshall) pointed out to the government that all they were doing was putting themselves at the mercy of the Province of Quebec.

MP. CROSSIE: You did not vote on that. Mr. Chairman, the hon. gentleman was not here when the vote was called and he was not here to be recorded. He said he was going to support it but he did not vote for it. The hon. member for Port de Grave (Mr. E. Dawe) voted from the Opposition for it, not the hon. gentleman from Bell Island. He spoke in favour of it. But when it came to the crunch, when it came to the testing time, when it came to the time when men are men, and they have got to have their vote recorded, he was not there.

MP. NEARY: Well that could be, Mr. Chairman. But I want to tell the hon. member that I spoke in favour of it and I am still in favour of it. I spoke in favour of it the other day. If I was away when the vote was

MR. NEAPY:

taken, Sir, it was because I had other pressing business. I had business of urgent-either family importance because, Sir, one thing I never do, I never back away in this hon. House or outside of the House. I always stick to my guns and the hon. member knows that and it is very unkind and uncouth and

MR. NEARY: unfair of him to say that I ran away and I would not vote in favour of this. Because I spoke in favour of it and if I had been here for the vote I would have voted for it, free.

But now, Sir, now what we are hearing from the hon. minister, and I heard it again today, "If the tunnel" he said, "If the tunnel goes ahead." If the tunnel goes ahead. Last Fall there were no ifs, ands or buts. I am beginning now to think that my hon. friend the member for St. John's East (Mr. Marshall) who wrote the article in The Evening Telegram about this same matter, may have had a point, because the government does now seem to be at the mercy of the Province of Quebec. And the Premier and the Minister of Mines and Energy and the Minister of Finance and the various other ministers are jettisoning back and forth between Newfoundland and Montreal and Quebec City trying to make a deal to buy back more power from the Upper Churchill than we are allowed to take back under the recall privileges of the agreement.

It would seem that the position of Quebec at this moment is rather arrogant, that they have dug their heels in, and that they do not intend to sell the electricity, or give us back our electricity at a reasonable cost. I want the minister to clarify this because this is quite important.

Mr. Chairman, I know we have a sixty year agreement with Quebec Hydro, with the Province of Quebec.

MR. CROSBIE: Sixty-five.

MR. NEARY: Sixty-five years.

MR. CROSBIE: From this year.

MR. NEARY: Starting this year. The main point that I want to make - I will come to Quebec shortly - but the main point I want to make at this stage of my remarks is whether or not as a result of kicking out BRINCO that there will be sufficient revenue from the Upper Churchill to pay the interest and the principal on the loan that the government had to get to kick out the Churchill Falls Corporation. I understand from the minister it was \$168 million

MR. NEARY: had to be borrowed. Well certainly they got that for nothing less than 10 per cent interest, so that is about \$16 million or \$18 million a year in interest alone. My understanding, Sir, is that this year the revenue from the Upper Churchill will not amount to \$16 million or \$18 million, It is much less than that. It will probably amount to \$7 million or \$8 million.

MR. SMALLWOOD: They are not allowed to pay dividends yet.

MR. NEARY: They are not allowed to pay dividends yet, the hon. the former Premier tells me, so therefore, Sir, I am at a loss to know where the additional money that is required to pay the interest and to meet the principal on this loan is going to come from. Is it going to come out of general revenue? Is it going to come out of the hike in the electricity rates? Is Newfoundland Hydro going to float a bond issue every year ad infinitum, go on and on and on to pay the interest? There is a difference as far as I can see, Sir. This year the total revenue from the Upper Churchill will amount - what? To \$5 million or \$6 million, \$7 million?

MR. CROSBIE: No.

MR. NEARY: It will not amount to that much?

MR. CROSBIE: More than that.

MR. NEARY: More than that. Well will it amount to \$10 million? Will the revenue from the Upper Churchill be \$9 million or \$10 million? It certainly will not be \$16 million or \$18 million, Sir, so the forced takeover of BRINCO is going to have to be subsidized either out of general revenue, increased taxation or out of the hike in electricity rates. And I am convinced, Sir, that is the reason that Newfoundland Hydro has been asked to ask the Newfoundland Light and Power Company for an increase in their rates. What the minister has really done, he has gone in the back door to get this money. Because every year it costs the public treasury, I think it was \$10 million or \$11 million to subsidize Newfoundland Hydro, Now all of a sudden

MR. NEARY:           the government has taken a position, "We are no longer going to subsidize Newfoundland Hydro. Newfoundland Hydro has to stand on its own feet as far as the supply of domestic power is concerned in this Province. Cut off the subsidy from general revenue." Then they are forced to go to the Newfoundland Light and Power Company to look for this additional \$4 million or \$5 million or \$6 million.

Mr. Neary:

And that is one of the reasons, Sir, you see these exorbitant rate increases before us today, why the people of Newfoundland are faced with unexpected rate increases by the Newfoundland Light and Power Company.

Mr. Chairman, the minister is going to have to give us an explanation of this. Because I have sat down and I have tried to reason it out, I have tried to think it out, I have tried to figure it out, you know. One think I know, that we borrowed \$168 million we had interim financing from the Bank of Montreal, I believe it was, and that cost interest. And I figured it out, well if you get it at 10 per cent, and I doubt if the government got it at 10 per cent, it is going to cost \$16 million or \$18 million a year just for interest alone without touching the principal, \$20 million probably, just for interest alone! And I would like to know where the difference is going to come from, the difference between the revenue from the Upper Churchill and the interest that the Newfoundland Hydro has to pay on that loan. I would like to know where that money is going to come from, and that is a very important question.

It cannot come, Sir, from just going on the bond market every year. It cannot. It has to come from revenue, income. There has to be income. And that is, Sir, one of the key questions facing the Minister of Mines and Energy now. He has to give the House the answer to this.

Now getting back to the tunnel for a few moments, Sir, now we have got all kinds of strings attached to the tunnel, if, ands and buts, and we have a delegation in from Labrador South the other day wanting to know if the tunnel was going to start on their side or on the Newfoundland side. Well, Mr. Chairman, I contend rightly or wrongly that we should not have the tunnel confused with just building it, to run a transmission line across from Labrador to Newfoundland. That can be one of the reasons for it, but I would say the principal reason, Mr. Chairman, should be to link the Island of Newfoundland up with the Mainland part of the Province, so that the tunnel can carry passengers, freight, and the transmission line,

Mr. Neary:

and the two things should be separated. The only thing that the minister said that was definite in his remarks was that the transmission line to Goose Bay was going to be built this year, the rest of it was just a bunch of ifs, ands and buts. Nothing definite! I must say I was disappointed when I listened to the minister, I was expecting him to outline to us a ten year programme for energy in this Province. And all we got, Sir, in my opinion, was just an impression that the whole department at the moment, the whole government's energy policy is in a complete shambles. They do not seem to know where they are going or what they are doing.

The minister and I, and I was invited by the minister, and I want to thank him for the invitation, spent a very pleasant hour or an hour and a half one morning with Sir Edmund de Rothschild.

MR. SMALLWOOD: Baron.

MR. NEARY: I beg your pardon?

MR. SMALLWOOD: He is Baron.

MR. NEARY: Baron de Rothschild, one of the owners of the greatest financial house in the world, I suppose, The House of Rothschild. The minister happened to be going down to the Board Room in the Department of Education to look at a film, to look at slides that Mr. Rothschild had for a new technique, a new generator for generating power on all the small rivers in Newfoundland. And I was tremendously impressed with it. It was the first time in my life, I suppose, I would ever get - I am like the hon. member for St. John's Centre (Mr. Murphy) - so close to a millionaire, and I must say I was not completely overwhelmed with that, although I think the gentleman was a fine honourable gentleman, Mr. de Rothschild. But I was impressed with his presentation, and suggested to the Minister of Mines and Energy that it might be worth his while to get a delegation from the House of Assembly and sent them over to Switzerland where they are in the process of manufacturing and installing the first, or this company is in the process of manufacturing and installing the first generator. And the minister said to me, "That is a good idea. We might do that." With this system, Sir,

MR. NEARY: with this technique, apparently every small river and stream in Newfoundland could be developed at a very low cost. And I am not looking for a trip to Europe, but I think it is something worth investigating and I want to know if the minister followed it up. I tell you the kind of a technique it is. It is not a new one, I think the technique has been around now for seventy or seventy-five years, I believe Mr. Rothchild told us. The Germans used it during the Second World War and the British and the Allies were wondering where the Germans were getting all their hydro power, because they were trying to map out strategic locations in Germany to bomb and one of the things they wanted to do was to knock out their electricity, knock out their power supply to the big factories, the big war plants, and to the homes and demoralize the whole population. And the British could never find out, they found a couple of sources of hydro of course, the big ones, but they could never find out where they were getting their source of electricity, their hydro power and the reason they could not find it -

AN HON. MEMBER: Where were they?

MR. NEARY: They were getting it, Sir, with these new generators, these new turbines that were submerged, they were under water, the water just flows over them and that is why they could not spot them from the air. And Mr. Rothchild had his brochures and he had a technician with him, and it was a very fine presentation. And I am not trying to promote his product but it certainly struck me, Sir, as being if it is a success in Switzerland, and it has been a success in Germany, it certainly struck me as being one of the ideal things to solve our hydro problem right here on the Island of Newfoundland by developing our smaller rivers and streams. And I want to know what the minister did about that.

And I also would like for the minister to tell us when he is answer questions, what mineral exploration and what mineral developments are going to take place in Newfoundland this year. And I am particularly interested in a report that I heard about LaPoile



MR. NEARY: Bay, if the minister could tell me if there is any exploration going on or any development going on in LaPoile Bay.

And, Mr. Chairman, in connection with the Newfoundland Hydro being placed under the Public Utilities Board, well, Sir, that in my opinion is a red herring. That, Sir, has to be the most cowardly way, Mr. Chairman, that I have ever seen for an administration to weasele out of their responsibility. Mr. Chairman, what you are doing, you are asking one government regulatory body to regulate another regulatory body. And you know what amazes me, Sir, what surprises me about it is the old-line Liberal Opposition goes along with this. They go along with the government whipping the carpet right out from under the feet of the Newfoundland people to keep the Newfoundland Hydro in the hands of the politicians, in the hands of the Cabinet, would keep it in the hands of people who have to depend on the electorate of this Province for their jobs, and they would be more sensitive, Sir. Mr. Powell and the members of the board may be the most outstanding Newfoundlanders alive, but they will just look at the balance sheet, they will look at the facts and figures, and they will say, "Oh, yes, Newfoundland Hydro, you are asking for nine per cent. Let us see your balance sheet. How do you justify this? Oh, the cost of oil is gone up and the cost of labour is gone up." But you cannot go down and say to the Public Utilities Board, "How much is Mr. Groom getting?" I suppose, Mr. Chairman, now they will say, "Oh you cannot mention names in this House." You can mention welfare recipients' names, and fishermen's names and all kinds of other names, but you cannot mention the name of Mr. Groom or anybody who is associated with the establishment. "Oh how dare that dirt from Bell Island mention names in this House!" It is all right for my family to be slandered and my children to be sitting in the gallery listening to libel and slander, but oh no! You cannot do that with all the Mr. Cleans we have around, the holier-than-thou type.

Mr. Neary:

Mr. Chairman, the Public Utilities Board will not listen to argument on political goofs, they will not listen to argument that you have an administration down there of bureaucracy that is unnecessary. The Public Utilities Board will not listen to argument that Mr. Groom is being paid too much and he is getting too many fringe benefits. They would say, no that is not our job. Incidentally, how much is Mr. Groom getting? And how many jobs does he have? I tell you what I would do with him, Sir, I would send him back where he came from. I would not pay him a red cent. I think the Newfoundland Hydro - the minister said, "Disgusting." It is kind of disgusting all right when you find out the salary, \$75,000 or \$80,000 a year coming out of the taxpayers of this Province.

MR. WELLS: Most of that goes in taxes.

MR. NEARY: Most of it goes in taxes. Oh, Mr. Chairman, do you hear? What logic? He should go over to the University, the hon. member should go over and give the class over there a lesson in logic. Most of it goes in taxes!

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: And then they have the jet going around, jetting back and forth between Churchill Falls now and Montreal, and St. John's and Montreal. Why do they not get rid of it? Unload it, sell it, get some income to help him pay off the interest. It is not necessary, Sir.

Well I want to find out what Mr. Groom is getting, and I want the minister to tell us how many jobs he has. Is that office still open up in Montreal? Does Mr. Groom still go back and forth between St. John's and Montreal? Or have they closed that office down as I have been suggesting for the last year and a half, and getting agreement from some ministers on the other side, including the Minister of Forestry and Agriculture. It is an unnecessary expense.

MR. ROUSSEAU: Mr. Chairman, to a point of order. Just so we understand the situation, I do not care if it is Denis Groom or the Devil himself, all I am saying is that the head office of a company

Mr. Rousseau:

owned by this Province should reside in this Province. There are no personalities involved or anything else.

MR. NEARY: That is what I said. I said the minister agreed with me.

MR. CHAIRMAN: I think that point of order constituted clarification.

MR. NEARY: Mr. Chairman, I would like to know what has happened to that office. Has it been closed down? I want to find out how many jobs, how many incomes Mr. Groom has, and what his salary is, and what his positions are? And what fringe benefits he is getting?

Mr. Chairman, putting this Newfoundland Hydro under the Public Utilities Board, you cannot go down, a little ordinary Newfoundlanders like myself, as a matter of fact under the present act, nobody is allowed to represent a group before the Public Utilities Board except a lawyer. I was there. It would be worthwhile sometime for members of this House to go down to these hearings. I have been down to several in the last three or four years. I am the only member of the House who has interest enough to go to these hearings. The last one I was to the hon. Phil Lewis questioned the fact that Mr. John Peddle was there representing a consumer's group. He was not a lawyer, he said. And I rushed up to Confederation Building and I got out the Newfoundland Law Society Act, and sure enough I discovered in it, that before quasi-judicial bodies you had to be a lawyer before you were allowed to represent a group.

AN HON. MEMBER: Hear, hear!

MR. NEARY: "Hear, hear!" - do not get me wound up today, I do not have enough time left to get in full flight. And I was there, Sir, and I really fell off my chair when I heard that, and I checked it and it was true.

Not only that, Sir, but what time does the consumer have, the poor little fellow that is trying to earn a living, even if you gave him a grant or gave his organization a grant, what time does he have to go down before the Board, this great charade, this great act, this great - all it is, it is going to be a rubber stamp. Once

Mr. Neary:

the Newfoundland Hydro asks for the increase, the Public Utilities Board will rubber stamp it. And I say, Sir, that the official Opposition whether deliberately or otherwise, or whether innocently or what have let the government off the hook. We had checkmate with the government on this matter of increases in electricity rates, and the official Opposition gave them the out and let them off the hook. And I say, Sir, the power should be kept in the hands of the politicians and not pawned off on some regulatory board, as good as they are. This is not a condemnation of the Board. All over the world today, Sir, in the United States and in Canada every magazine you pick up - I picked up recently I am hearing about bureaucracies and commissions and setting up middlemen. Washington is - well who is running the government? It is the commissions and the corporations and the bureaucracy that is running the government. Mr. Chairman, you can look across at the hon. members, and I can tell them right now that they are not running the show. This is something that is concerning people all over the world, thinking people, having the bureaucracy and the regulatory bodies and the commissions and the corporations running the show and

MR. NEARY:

not the politicians. So, Sir, all it is going to be, this going down to the Public Utilities Board is just going to be one great big act. It will just be a matter of making an application to the Public Utilities Board, going through this charade and then applying the rubber stamp. I have been saying that now for months and months and months. I am not getting very much support from this hon. side of the House, except the member for Twillingate (Mr. Smallwood) who seems to have grasped what I am saying. It is passing responsibility. The responsibility for Newfoundland Hydro should be kept in the hands of the cabinet, in the hands of the politicians, and answer to this House and bring Mr. Croom and his crowd in on the floor of the House so we can ask them questions about whether or not there is over administration, whether or not they are overstaffed, whether or not they are overpaid, whether or not it is necessary to have this one or that one, whether or not it is necessary to have a jet, whether or not it is necessary to have an office in Montreal. I would like to get him in here on the floor of the House so I could ask him a few questions, not down before the Board of Commissioners of Public Utilities who would tell you you are out of order if you talk about government goofs and mistakes and political faux pas.

That is the weakness in putting it before the Public Utilities Board, Mr. Chairman. I am for keeping it in the hands of the cabinet. The minister over there today took great pride - and I am sure he must have been laughing up his sleeve, because the suggestion came from the official Liberal Opposition and the minister was certainly glad to take advantage of that suggestion, that this was his out, to pass it over to the Public Utilities Board.

Well, Sir, the only recourse the people will have now, because it looks to me although the people won a minor victory, it looks to me now, Sir, like they are going to get shafted in July and the only recourse they have is to the ballot box in the next election. Mr. Chairman, the thing that we should be guarding against right now is the fact that the Public Utilities Board in my opinion goofed when they

MR. NEARY:

granted Newfoundland Light and Power Company the right to increase rates by one and three quarter per cent a month. That went on, Sir, right up until the end of November. Then the Public Utilities Board, realizing the mistake they had made, issued an order that it was not to continue for the months of November and December. Then the government put a freeze on for three months. But we are told now that in July or August or in the middle of the Summer the Newfoundland Light and Power Company are going to resume their one and three quarter per cent increases a month. This is wrong, Sir.

The minister can veto it, the government can veto it if they want to. It was a mistake and I had to fight that battle alone and I won the battle temporarily. All the signatures, Sir! I suppose it was the biggest write-in in the history of Newfoundland, all the petitions I presented in this hon. House.

MR. CHAIRMAN: Order, please!

I would like to point out to the hon. member that his forty-five minutes have expired.

MR. NEARY: Oh, I will carry on later, Sir.

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

MR. CROSBIE: The hon. House Leader wants to carry on again, but I would like to answer some of these questions although it would be interesting to see what the policy of the official old-line Liberals is on the question of offshore jurisdiction of oil and gas and other minerals, because we had two policies this afternoon as the member for LaPoile (Mr. Neary) pointed out.

We had a policy that we should drop our claim to the offshore; we should forget ownership, we should forget control, we should just concentrate on something called developing and managing the offshore. How can we develop and manage the offshore if we have no ownership and we have no control? We are supposed to drop all the ownership and all the control, give all that up, surrender it to Ottawa, and then go on and develop and manage the resources offshore. That was the policy at one minute.

MR. CROSBIE:

But when the hon. gentleman from LaPoile (Mr. Neary) rightly pointed out that this was the greatest surrender, the greatest capitulation in the history of the Liberal Party of Newfoundland since its founding, the hon. gentleman from Trinity-Bay de Verde (Mr. F. Rowe) quickly spun around - and I think they got to him out in the corridor, somebody got to him in the corridor and said, "For God's sake, the caucus has not approved this change in policy." And he was soon back in here denying that he had said that. Well I am glad that he did deny that, Mr. Chairman. I am glad that he is a patriotic Newfoundlander and that the hon. gentlemen opposite agree with our policy, that we own and we should control, and we should have jurisdiction over the offshore oil and gas because if

MR. CROSBIE: we do not, Mr. Chairman, certainly the Indians and the Eskimos will not. The hon. gentleman's constituents of Eagle River will not have a look in unless this Province has gotten the ownership and the jurisdiction. If we do not have it they certainly will not have any claim. We will not have any control of what happens on the coast. We will not have any control over the matter whatsoever, if the control resides in Ottawa. Now I will come back to that in more detail but I am glad the hon. gentleman reversed himself.

Now the hon. member for LaPoile (Mr. Neary) said that you could not appear before the Public Utilities Commission, they would not hear you unless you were a lawyer. And I would say if that is correct that they are doing themselves a distinct favour because otherwise they would have hon. gentlemen like the member for LaPoile down there shouting, bellowing and roaring their irrelevancies hour after hour before that board. Although the Chairman recognized Mr. John Peddle, I presume recognizing that Mr. John Peddle has got perhaps a bit more sense than the hon. gentleman from LaPoile, but he was recognized to appear before the Public Utilities Commission on behalf of the Human Rights Group. Now John Peddle represented Human Rights and the hon. gentleman from LaPoile represented his own frights, and the Chairman of the Public Utilities Commission presumably did not want to hear and listen to what we have been listening here and deal with hour after hour in this House, the yellings, jabbings and ferocious nonsensical statements of the hon. gentleman from LaPoile, and I say thank God that he has that rule. He spares himself tremendous trouble at these hearings.

Now the hon. gentleman says he wants to get down and he wants to ask what is Mr. Groom's salary. What relevance has that got to rate setting by the Board of Commissioners of Public Utilities, Mr. Groom's salary. **Absolutely irrelevant!**

MR. NEARY: It is not irrelevant.



MR. CROSBIE: What would be relevant is what is the administrative cost of Newfoundland and Labrador Hydro insofar as they relate to the generation and distribution of electric power in the Province as compared to those in Nova Scotia or Manitoba and so on? Not what salary does Mr. Groom get. Whatever Mr. Groom gets I can assure him that Mr. Roland Giroux of Quebec Hydro gets two or three times as much, and the head of Ontario Hydro and so on.

MR. NEARY: How much does he get?

MR. CROSBIE: Never mind what he gets. It is irrelevant what he gets.

MR. NEARY: The people have a right to know.

MR. CROSBIE: He gets far more than the hon. gentleman and you are not going to get anyone to take charge of Newfoundland and Labrador Hydro who does not get a high salary. No one is going to go down there at only half of what he can get somewhere else in the world for a man of his skill and capacities and capabilities.

MR. NEARY: I am only asking, what it is?

MR. CROSBIE: Well it is substantial.

MR. NEARY: What is it?

MR. CROSBIE: It is good.

MR. NEARY: Well what is it?

MR. CROSBIE: It is remunerative.

MR. NEARY: Well tell us what it is.

MR. CROSBIE: The hon. gentleman who is down there now could make a lot more somewhere else in the world. And why is Newfoundland and Labrador Hydro a Crown corporation just as Newfoundland and Labrador Power Commission was? So it would not be just an ordinary department of government. So it would have more freedom, so they would be able to administer themselves somewhat differently, so they would have more flexibility in hiring people, so they would have more flexibility in paying salaries. That is why they are organized as a Crown corporation. They are not just a department of government that we tell them what to do. They have their own board of directors and so on. They are subject to the general policy of the government. So Mr. Groom's salary is of no interest to the Board of Commissioners

MR. CROSBIE: of Public Utilities.

MR. NEARY: It is of interest to me.

MR. CROSBIE: It is of interest to the hon. gentleman opposite because he wants to caterwaul it about the Province hoping he can stir up some feeling of discrimination or some criticism against Mr. Groom because Mr. Groom gets you know what sounds to be a high salary and is a high salary to other people. So we are not going to play that game with the hon. gentleman.

MR. NEARY: It should be public information.

MR. CROSBIE: You can look through the salary estimates.

MR. NEARY: I cannot find it in there.

MR. CROSBIE: No, that is right.

MR. NEARY: I have looked for it. It is not in there.

MR. CROSBIE: That is right. Now in one last correction, Mr. Chairman, to show how - the hon. gentleman for Trinity - Bay de Verde (Mr. Rowe) got up and said why did we not buy and nationalize, provincialize, scrutinize or take over Newfoundland Light and Power and he suggested for \$4 million or \$5 million. For only a measley \$4 million or \$5 million we can take over Newfoundland Light and Power.

MR. MURPHY: I would buy that myself.

MR. CROSBIE: Mr. Chairman, if we could take Newfoundland Light and Power for \$4 million or \$5 million we would have some bargain. They have got \$52,500,000 worth of value of shares outstanding, 3,000,000 common shares valued at \$12.50 each and assets that is \$37,500,000 and another \$15,000,000 in preferred shares. Are we going to take those shares from their owners, \$52,500,000 and give them \$4,000,000 or \$5,000,000 for it? I mean it is ridiculous, \$52,500,000.

MR. ROWE: You just gave me the answer to that.

MR. CROSBIE: No. But the hon. gentleman said \$4 million or \$5 million. He suggested we take over Newfoundland Light and it would cost the Province \$4 million or \$5 million.

MR. CROSBIE: Look the hon. gentleman has been caught out this afternoon on both sides of his anatomy, the top and the bottom, Now I move, Mr. Chairman, that the committee rise, report a lack of progress and ask leave to sit again.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of Supply have considered the matters to them referred, have directed me to report progress and ask leave to sit again.

On motion report received and adopted.

On motion Committee ordered to sit again on tomorrow.

MR. WELLS: I move that this House do now adjourn until 2:00 P.M., tomorrow, Tuesday.

MR. SPEAKER: It is moved and seconded that this House now adjourn until tomorrow, Tuesday at 2:00 P.M., this House is now adjourned.

I N D E X

ANSWERS TO QUESTIONS

TABLED

APRIL 5, 1976

571. MR. MEARY (LaPoile) - To ask the Honourable the Minister of Fisheries to lay upon the Table of the House the following information:

What are the number of journey involving public business which he has made since January 1, 1975 to places outside Canada, showing for each journey:

- (a) the names of the countries visited
- (b) dates of the journeys
- (c) the total cost to the Government for hotel accommodations, meals ground transportation and air transportation and other expenses;
- (d) whether or not any member of his staff, or any other person accompanied him for all or a portion of his journey and if so,
  - (i) what is the name of each person
  - (ii) what is the title of the position each such person holds or held
  - (iii) what was the total cost to the Government for hotel accommodations, meals, ground and air transportation and other expenses for each such person;
- (e) the nature of the public business attended to on the journey?

ANSWER

Between January 1, 1975 and January 1, 1976, the Minister of Fisheries made two journeys outside of Canada on public business

- (a) Geneva, Switzerland  
Edinburgh, Scotland
- (b) Geneva - May 4 - 10, 1975  
Edinburgh - June 7 - 12, 1975
- (c) Total cost- Geneva - \$ 1,108.00  
Total cost - Edinburgh - \$1,264.00
- (d) Accompanied to Edinburgh by Deputy Minister, Mr. Gordon C. Slade  
Total Cost for fourteen days - June 7 - 21, 1975 was \$1,646.16
- (e) Journey to Geneva, Switzerland was to attend sessions of the Law of the Sea Conference.  
Journey to Edinburgh, Scotland was to attend sessions of ICHAF Conference.

620. CAPTAIN EARL WINSOR (Fogo) - To ask the Honourable the Minister of Fisheries to lay upon the Table of the House the following information:

- (1) Any information he might have regarding concessions, if any, with respect to hunting seals in the Canadian coastal area inside the 12-mile limit, granted to Norway by the Government of Canada at a recent conference in Ottawa;
- (2) Any information he might have indicating the number and names of Norwegian and Canadian scientists engaged in sealing research;
- (3) A copy of published reports of their work if available.

ANSWER

- (1) According to an agreement signed on December 12, 1975 Norwegian sealing vessels engaged in sealing operations are allowed (notwithstanding the provisions of the Exchange of Notes between Canada and Norway July 15, 1971, constituting an Agreement with respect to Norwegian Fishing Practices off the Atlantic Coast of Canada ) to take seals:
  - (a) within the outer nine miles of the territorial sea on the Atlantic coast of Canada between 48°00' North latitude and 55° 20' North latitude and
  - (b) outside a line drawn between Gull Island 50°00'01" North, 55°21'15" West, and Turr Islet 49°50'11" North and 54°08'45" West, but not closer than three miles from the nearest land; and
  - (c) inside the Strait of Belle Isle up to a line joining Barge Point and Cape Norman Light, but not closer than five miles from the nearest land off Newfoundland between Cape Norman and Cape Bauld, not closer than three miles from the nearest land between Barge Point and Double Island, including Belle Isle; and
  - (d) up to three miles from the nearest land between Double Island 52°15'30" North 55°32'58" West, and Outer Gannet Island 54°00'00" North, 56°32'12" West; and
  - (e) up to but not inside the baseline between Outer Gannet Island 54°00'00" North, 56°32'12" West and East Rock (White Bear) 54°27'06" North and 56° 51'08" West

Norwegian sealing is not otherwise allowed in the Gulf of St. Lawrence.

- (2) The Provincial Department of Fisheries does not have this information
- (3) No published reports are available.

625. MR MOORES (Carbonear) - To ask the Honourable Minister of Fisheries the total number of grants given to private companies and/or citizens who are engaged in any and all facets of the fishing industry, in the District of Carbonear; the names of those citizens or companies and the amounts and purpose of each grant; within the last ten years.

ANSWER

There have been no grants made to private companies and/or citizens engaged in any or all facets of the fishing industry, by the Department of Fisheries within the last ten years.

720. MR DEARY (Lab) - To ask the Honourable the Minister of Fisheries to lay upon the Table of the House the following information:

- (1) What contracts either oral or written were awarded to James Reid or any company with which he is known to be a shareholder, by various Government Departments during the years 1972, 1973, 1974, and 1975.
- (2) List details of all work or service provided by the Department and the cost of each individual project.
- (3) Were public tenders called for any of this work, if so, did the lowest bidder get the job?

ANSWER

No contracts either oral or written were awarded to James Reid or any company with which he is known to be a shareholder by the Department of Fisheries during the years 1972, 1973, 1974 and 1975.



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