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SPEAKER; THE HONOURABLE GERALD RYAN OTTENHEIMER

The House met at 3:00 p.m.

Mr. Speaker in the Chair.

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Minister of Tourism.

HON. T. RICEY: Mr. Speaker, at this time I wish to make the following statement concerning the voyage of the Norma and Gladys which I am sure hon. members would like to hear.

I indicated a few days ago I would be making this statement. I am now in a position to give details of her voyage from this point on. This statement is all the more necessary in view of some of the rather misleading and misinformed editorials and news items that have plagued this voyage from the outset.

Hon. members will recall that we announced some time ago that through arrangements with the Department of External Affairs and my department the vessel would take part in the International Exposition to be held in Japan at the turn of the new year 1976 and for the continuation of the voyage the vessel would proceed through the Suez Canal and Mediterranean, then to Great Britain, returning to St. John's from Bristol, via Cabot's route.

I want to say at this point that the vessel will not be visiting Japan. When arrangements were made between my department and the Department of External Affairs for this voyage it was agreed by both parties that there would be joint consultation as the voyage progressed. Certain ports were agreed to where this kind of discussion would take place, such as New York, Kingston, Jamaica, Panama, San Francisco, and Japan. It was agreed that the schedule of the vessel, her operation, would be reviewed and appropriate changes made if anything significant should occur which would reduce the effectiveness of the voyage. It is now well known that on arrival in New York the main and foremast of the vessel were replaced as it was considered necessary as an additional safety factor for vessel and crew in order to complete the planned voyage. This added safety precaution was taken in consultation with all concerned and it is indeed unfortunate that the time taken by the shipyard to effect those changes was longer than estimated.

MR. HICKEY:

There was some doubt of here arriving in Japan at this point. However, both parties felt the performance of the vessel in terms of speed on a long leg of her journey such as the distance between New York and Kingston, Jamaica, was difficult to determine absolutely with the remaining time left as to whether or not she should reach Japan in time.

Although here voyage from New York to Kingston was most satisfactory with the schedule still so tight, the inability of the dockyard at Kingston to accommodate the vessel for inspection and routine maintenance before entering the Pacific made it necessary for her to go to Panama to the U.S. Naval dockyard to have the necessary maintenance and inspection carried out. The necessity of having to deal with the only dockyard available in Panama and a further delay of one week made it absolutely clear that except for perfect conditions at sea the vessel could not make Japan in time for Canada Day.

In view of the fact that External Affairs had chosen the vessel to be it's main exhibit at the Exposition they could not take chances of the possibility of delay which would have made it impossible to find a replacement for the vessel in terms of an exhibit for the Law of the Sea. At that point a clear-cut decision was made between External Affairs and myself that the vessel be redeployed to fulfill its role to carry its message at the Law of the Sea and as a good-will ambassador for the Province, promoting our trade, industry and tourism.

Our joint decision was reached after consultation with my colleagues, based on enthusiastic reception of the vessel at the ports of Halifax, Boston, New York and Kingston. At the ports of Boston and New York, for example, Mr. Speaker, some 12,000 people visited the vessel.

The Norma and Gladys will now undertake an alternate voyage to fulfill her intended purpose by calling at the following ports: Antigua, Cape Verde Islands; Naples, Italy; Marseille, France; Barcelona, Spain; Lisbon, Portugal; Bordeaux and St. Malo, France; Rotterdam, Holland; Gdansk, Poland; Leningrad, Russia; Helsinki, Finland; Copenhagen, Sweden; Goteborg, Sweden; Oslo, Norway; London, Portsmouth, and Bristol. Before her return voyage she will follow Cabot's route.

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: It is still planned, Mr. Speaker, that she follow Cabot's route from Bristol to St. John's, and there is no doubt at this moment, at least, barring unforeseen circumstances, that she will not arrive as planned on June 24, 1976. At the ports which this vessel visited, both Canada's message of the Law of the Sea and the general promotion of Newfoundland and Labrador, has received excellent coverage by the media of those countries. A feature story in The New York Times is an example, as well as a proclamation of Newfoundland Schooner Days while the vessel was in port by the Mayor and City Council of greater New York.

The redeployment of the vessel on its now planned voyage will still produce invaluable exposure to the Province, effectively carry Canada's message of the Law of the Sea, and greatly enhance historical value of the vessel as a floating museum. The voyage is financed on a cost-shared basis between the Government of Canada and the government of this Province.

AN HON. MEMBER: How much did it cost?

MR. HICKEY: Fifty-fifty.

Do you mean operational costs?

AN HON. MEMBER: Sixty-forty.

MR. SMALLWOOD: Mr. Speaker -

MR. SPEAKER: Order, please!

The hon. gentleman for Trinity - Bay de Verde had previously risen.

MR. F. ROWE: Mr. Speaker, just a few short comments. The statement by the minister is indeed regrettable and not altogether unexpected. Sir, it is obvious that the plans - there was ill-preparation for this particular voyage, and the planning was poor for the particular voyage, and we still maintain that it is a needless expenditure -

MR. SPEAKER: Order, please!

MR. F. ROWE: - of the Province's money.

MR. SPEAKER: Order, please!

MR. SPEAKER: The hon. gentleman, I am sure, is aware that in commenting upon a ministerial statement he may ask questions, ask for clarification and make what the authorities refer to as a few brief remarks or comments. What the exact definition of remarks or comments is it is not my duty to go into, but it is quite clear that the remarks or comments do not include debate.

MR. F. ROWE: Well, Mr. Speaker, I will try to stay as closely as I can to your ruling. It is very difficult to be any more brief than I am being at the present time. Probably I can put my statement in the form of a question or ask questions or make a few brief comments. Sir, probably the minister should consider in this day of restraint, at both the federal and the provincial level, consider cancelling altogether the redeployment, if you will, of the voyage of the Norma and Gladys, because the minister listed off a great number of countries that will be visited by the Norma and Gladys, and it is our strong feeling, Sir, that it is in this day of restraint a waste of the taxpayers' money, and it is certainly not a priority item to have this ship travelling all over the world at this present time. Now, Sir, if I go any further, I will probably be entering into the realm of debate so that is the only comment that I have on the ill-voyage of the Norma and Gladys.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, if I may, I would like to congratulate the minister on the decision to cancel the voyage to Japan. I must say I always thought it was crazy. But the new plan is excellent, it seems to me, excellent. This is really good stuff to have a Newfoundland schooner call into ten or twelve seaports in Europe, with which we have a lot more to do than we do with Japan and the Far East. I congratulate him.

MR. DOODY: Now there is the difference between a statesman and a politician.

ORAL QUESTIONS:

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

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

Minister of Industrial Development, Sir. Would the minister inform the House if his government intends now to follow the plan put forward by the member for Fortune Bay (Mr. Winsor) or the member for Burgeo - Bay d'Espoir (Mr. Simmons) in connection with the fish plant in Burgeo?

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

MR. LUNDRIGAN: Mr. Speaker, certainly

MR. LUNDRIGAN: the member for Fortune, whatever plan he announced, it certainly would not be accepted by this government.

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

MR. SIMMONS: A question for the Minister of Industrial Development, I understand he did visit Burgeo over the weekend and I wonder would he indicate whether the visit helped him make up his mind as to what course of action will be followed or, more particularly, if he is in a position today to indicate what plan of action will be followed insofar as the fish plant at Burgeo is concerned?

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

MR. LUNDRIGAN: Your Honour there is no statement I could make today to give any categorical decision. I did make a trip to Burgeo the weekend and I had a marvellous experience. I met a tremendous number of very fine Newfoundlanders who are very industrious, carrying on a marvellous effort in prosecuting the fishery, processing fish and it was a marvellous experience for me to meet the people there, to reassure them that the government have all the intentions in the world of providing adequate facilities for processing fish in their community.

I have had an opportunity as well to travel along the South Coast in one of the druggers for a half a dozen hours, which was again an experience I would like to commend to the hon. gentlemen representing the people there -

MR. NEARY: - Tories district.

MR. LUNDRIGAN: - at our pleasure.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. LUNDRIGAN: And I would like to say, Sir, that the people, the representatives of the people, the town council and the union representatives and myself met. We had a very frank discussion and exchange and I was quite satisfied that the people have total clarification on the position of the government, that we are having a look ourselves, without deviating from the general direction that we have taken, we are having a look at the refurbishing concept. There are people in Burgeo at the moment,

MR. LUNDRIGAN: three engineers and other representatives, who will have a report in perhaps a week for me and we will be able to make a definitive statement, I would say, before Christmas.

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

MR. SIMMONS: I wonder would the minister indicate whether having seen the condition of the present facilities - I understand he did tour the facilities at Burgeo - would he be in a position to indicate whether he is now of the opinion that the plant can be refurbished?

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

MR. LUNDRIGAN: Mr. Speaker, unlike the hon. gentleman I would not presume to poke my nose into an area of technical -

MR. SIMMONS: Ah, ha! Ah, ha!

MR. SPEAKER: Order, please!

MR. LUNDRIGAN: skill and capability.

MR. SPEAKER: Order, please!

MR. LUNDRIGAN: That is the reason we have engineers in Burgeo at the moment, professional people who will be making professional assessment to reassure government and the people of Newfoundland that the direction of public spending in the community will be within the means of government and the best utilization of public funds from the point of view of all of the people of the Province.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to put a question, Sir, to the Minister of Transportation and Communications. Would the minister tell the House, after doing a little soul searching over the weekend, if the people of this Province can be assured now that the roads are going to be adequately taken care of in the event that we have ice or snow from now on during the rest of the winter, and what plans the minister has? Is his two shift system now in effect?

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

MR. MORGAN: Yes, Mr. Speaker, the two shift system is now into effect as of midnight last night, and as of December 17 we shall have a three crew system which I feel confident will provide an adequate service.

MR. SPEAKER: The hon. member for Eagle River.

MR. STRACHAN: A question for the Minister of Mines and Energy. Could the minister indicate whether he has taken into consideration for compensation the losses and inventory costs incurred by the companies and small businesses in the Happy Valley-Goose Bay area, created by the closure of work at Cull Island, a partial list of which I have here?

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

MR. CROSBIE: It would certainly be premature to say that we are considering anything of that nature until we have the facts of the situation and that there has been losses and so on is certainly to be proven as yet. But apart from that I have been away myself and the hon. Government House Leader has been looking into some questions in this connection. He might amplify my answer.

AN HON. MEMBER: Not a nickel, eh, John?

MR. SPEAKER: The hon. Minister without Portfolio.

MR. WELLS: Yes, Mr. Speaker, I ought to I think as it is all part and parcel of the same answer, a question that was asked last week by the hon. member. He wanted to know, Mr. Speaker, how many men were laid off as a result of a deferment. I think I should give the total figures of men who were employed by the area's contractors, because some were laid off because contracts were finished anyway.

Up there were employed altogether - Bona Vista Food Services - 49 employees, 44 of whom were from Newfoundland; Lundrigans - 213 employees, 212 of these were from Newfoundland; O'Connell's - 67 employees, who were all from Newfoundland and Woodward's - 7 employees, all from Newfoundland.

MR. WELLS: O'Connell's contract, that is the one for part of the road contract, was completed so, of course, his employees were laid off but they would have been laid off anyway. Likewise Woodward's contract was completed. If his employees are laid off they would have been laid off anyway. The Lundrigan organization had fifty men employed on the construction of the main camp. These are the only men who were laid off as a result of the deferment. The other men that were laid off by Lundrigans would have been laid off anyway because the road contract was virtually finished and was scheduled to be finished by the 19th of December. So we are really only talking about - and Bona Vista Foods Services' men are going to be kept on anyway, Mr. Speaker, kept on the site to service the people who will be hired by local contractors to provide security for the camps. So the only people who have been laid off directly as a result of the deferment are the fifty people who were going to work on the camps for Lundrigans Limited.

Insofar as the other question, as the Minister of Mines has said, it is much too early yet purely on the basis of reports to suggest compensation for anybody who might have planned to supply services of one kind or another. But I would assure the hon. member that the thing is in hand and being looked at and in fact we have scheduled a meeting with the businessmen concerned and the general public in Hanny Valley on Wednesday night coming when the whole thing can be thoroughly discussed and the nature of the problem hopefully identified and hopefully resolved.

MR. STRACHAN: Mr. Speaker a supplementary.

MR. SPEAKER: The hon. gentleman for Eagle River.

MR. SMALLWOOD: Mr. Speaker -

MR. SPEAKER: I am sorry to interrupt the hon. gentleman. I recognized the gentleman on a supplementary.

MR. STRACHAN: Would the minister indicate to us what ministers will be taking part in the meeting on Wednesday night?

MR. WELLS: Certainly everyone who has not got some prior commitment and may be directly concerned with the matter will be there. It is too early yet to say who will be there. This is a matter we are

sorting out amongst ourselves.

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

MR. SMALLWOOD: Mr. Speaker, I wonder if the hon. the Premier and the hon. the Minister of Mines and Energy to both of whom, I believe, I have addressed questions that are on the Order Paper, of which I gave notice, can assure me that before the debate takes place on the resolution in the name of the hon. the Minister of Mines and Energy on the whole Churchill affair I can have answers to these pretty essential questions because they do have a bearing on the debate.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, as I intimated in the House last week we will do our utmost to have as many of the questions pertaining to that issue as possible done this week. But to say that all the questions will be answered before the debate comes before the House is, I am afraid, not possible to undertake absolutely. But certainly all the information that we can possibly get together will be available before hand.

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

MR. SMALLWOOD: Mr. Speaker, I referred in my question to the hon. the Premier and the minister only to matters affecting Churchill, not the whole range of questions - some of these I know will not be answered for weeks - but those dealing with Churchill Falls.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: My reply was in that vein, Mr. Speaker.

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

MR. NEARY: Mr. Speaker, I have a question for the Minister of Tourism, Sir. Could the minister indicate to the House what the cost will be to the taxpayers of this Province of the new schedule of the Norma and Gladys, her new tour, what the cost will be to the taxpayer of this Province?

AN HON. MEMBER: Mr. Speaker -

MR. SPEAKER: The hon. Minister of Tourism.

MR. HICKEY: Approximately \$150,000, Mr. Speaker.

MR. NEARY: Mr. Speaker, a supplementary. Would the minister undertake to get the cost so far to the taxpayers of this Province of the voyage of the Norma and Gladys?

MR. SPEAKER: The hon. the Minister of Tourism.

MR. HICKEY: Mr. Speaker, I, like all other ministers are answerable to the House for my estimates and the Norma and Gladys without a doubt will be debated in full when that time comes.

MR. SPEAKER: The hon. the member for Bay of Islands.

MR. WOODROW: I would like to ask, Mr. Speaker, a question of the Minister of Municipal Affairs and Housing. What is the present status of the LIP programme for the Curling area?

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

MR. PECKFORD: Mr. Speaker, I am pleased to be able to say to the hon. member for Bay of Islands (Mr. Woodrow) that indications this morning and over the weekend are that the NIP agreement for the Curling area will be signed within the next couple of days, and it gives me great pleasure to be able to inform the hon. member of that agreement.

SOME HON. MEMBERS: Hear, hear!

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

MR. F. ROWE: Mr. Speaker, on Wednesday or Thursday of last week I put a question to the House Leader asking him whether he would indicate some information regarding these companies or contractors that are in any way associated with the Gull Island project or the Lower Churchill project, the names of these companies who have or are or will be laying off employees. Am I to take it that the answer he gave just a few minutes ago is an answer to that question, because if it is not I have a supplementary?

MR. SPEAKER: The hon. member for Kilbride.

MR. WELLS: It is indeed, Mr. Speaker. I am sorry. It was the -

MR. F. ROWE: All right, but -

MR. WELLS: The hon. member who asked the question. When I was answering it I thought it had been asked by the member for Eagle River (Mr. Strachan), but it was the hon. member who asked, and that is the answer, yes.

MR. F. ROWE: I was not asking for recognition, Mr. Speaker.

I wonder if the minister could indicate whether or not Shawmont have laid off people in Labrador or on the Great Northern Peninsula?

MR. CROSBIE: Give us time.

MR. SPEAKER: The hon. member for Kilbride.

MR. WELLS: This we can find out. I am not sure at this stage.

MR. F. ROWE: Well a further supplementary, Mr. Speaker.

MR. WELLS: That was the information -

MR. F. ROWE: Could the minister or the Minister of Mines and Energy undertake to get the accurate information as to all the companies that are involved or associated in any way -

MR. F. ROWE: That are laying off people as a result of this deferment?

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

MR. J. CROSBIE: Mr. Speaker, the affects of the deferment are still being considered, and the programme for the rest of this year and next year is under review. Now when this matter comes up to be discussed in the House any information we have will be brought forward.

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

MR. F. ROWE: Mr. Speaker, I have a question for the Minister of Municipal Affairs and Housing. In view of the fact that people living in incorporated areas and working in other incorporated areas do not have to pay taxes in both of these areas, would the minister indicate what is being done for the people who live in waste disposal areas and who work in other incorporated areas who do have to pay taxes in both these areas? I believe the regulations are silent on it.

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

MR. PECKFORD: Mr. Speaker, in answer to that question, the past four or five months we have been studying very carefully that whole situation because there does seem to be some inequity there. We have contacted and written the Department of Justice who has given us a legal opinion on it, and we have informed the local people in areas who have written in about it that the legal position is that they must pay in both areas. However in compiling our legislative amendments for the House, for the session in the Spring, we are now reconsidering the whole matter even in light of the legal interpretation given to us by the Department of Justice. So where it stands right now is where we were six or seven months ago, we are not just sure which way we shall move. But it is under review right now and we hope to bring in legislation in the Spring to clear up the confusion that presently exists relative to that whole matter which is very bothersome especially in the area that the hon. member represents.

MR. SPEAKER: The hon. member for LaPoile.

MR. S. NEARY: Mr. Speaker, I want to put a question to the Minister of Mines and Energy. Sir, would the minister tell the House what action his government has taken to get the price of gas and heating fuel under control of the Province?

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

MR. CROSBIE: Mr. Speaker, as always we are in close touch with the companies in question, and they have agreed with us that they would not be increasing prices without prior consultation. We are studying legislation in effect in other provinces. We just had down here a team from the Province of Nova Scotia to review with our officials their experience there in the last year or two, with their Public Utilities Commission. I think they had a three hour review on Friday, I believe it was. This matter is under careful review. We have also been told by the oil companies that there will be no increase in prices without prior consultation with us, and we have been successful in inducing them not to increase certain prices with respect to oil products sold in barrels in the last few months. In addition there is a meeting of the Ministers of Energy, Mr. Speaker, of Canada, in Ottawa on Friday, where the question of oil prices is one of the subjects that is going to be reviewed in detail, and when we will be discussing with the federal minister on what plans the federal government might have in that respect. There is a meeting of the officials on Thursday and a meeting of the ministers on Friday. So as ever we are constantly endeavouring to keep this matter under strict control and review. In addition to which

MR. CROSBIE: Mr. Speaker, there will be legislation before the House before this session terminates in this connection.

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

MR. ROWE: A supplementary to the Minister of Municipal Affairs and Housing, Mr. Speaker, with respect to his answer. Am I safe in assuming that the minister's officials are giving sympathetic consideration to treating the people in the waste disposal areas the same way as if they were indeed in an incorporated area?

MR. SPEAKER: The hon. minister.

MR. PFCKFORD: Mr. Speaker, I did not want to get into the details of the problem. But it must be recognized that when a person who lives in a waste disposal area and pays a fee for the collection of garbage in that waste disposal area and then he goes to a municipality and is forced to pay a service fee in that municipality that he is not paying just for, he is not paying twice for waste disposal. Service fee covers many other things rather than waste disposal in a given area. So one must recognize that there is not a duplication of payment for the same service. There is a partial duplication and it depends upon the municipality how great that partial is. I can just repeat that we are very, very familiar with the situation that has been related to me today by the hon. member, that we are assessing our position relative to what the legal opinions of the Department of Justice are, relative to the comments, suggestions that have come from the district in question, and we will hopefully be bringing in legislation in the Spring to try to clarify and make the facility better than it presently is.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I wonder if the Minister of Municipal Affairs and Housing, Sir, could tell the House what action his government has taken on putting a freeze on rents in this Province or bringing in a system of rent controls in accordance with the federal guidelines

that have been laid down in the battle against inflation?

MR. SPEAKER: - The hon. minister.

MR. PECKFORD: Mr. Speaker, since 1973 the Province of Newfoundland has had rent control. The present programme announced by the Federal Government in relation to rent control is one that oscillates from day to day. They are trying to get some kind of agreement between all the Provinces, which is quite unlikely in view of the fact of the present position put forward by Alberta a few days ago and the present unsure situation in British Columbia and in some other provinces where they are bringing in some form of rent control for the first time. Right now it is the feeling of government that our present rent control legislation is sufficient. The Federal Government were suggesting originally that a 8 per cent ceiling, if you will, be put into effect, which automatically becomes the floor, because there could be places where a landlord would only need to put up his rents 4 or 5 per cent. If you put an 8 per cent in he automatically gets the 8 per cent. So there are arguments on both sides.

We have rent control. It seems to be working well in the Province, that the average increases in rents over the past year or so have been in fact not that far out of line with the guidelines only announced since October 14th. We are constantly monitoring the situation as it relates to rents and vacancy rates in the city here and in Corner Brook. If we see that there is any great departure from the present guidelines as outlined by the Federal Government, then we will take action. But we will not take action just as a matter of course of going along with the principle announced by the Federal Government which in fact may not be out of line already in this Province even though the stringent controls are not there.

AN HON. MEMBER: Hear! Hear!

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: A question to the hon. the Premier, Sir. Would the hon.

the Premier tell the House if the government has made another offer to the employees of the Linerboard mill in Stephenville and if so would the Premier provide the House with details and if there is any genuine attempt being made to settle this dispute?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: To my knowledge, Mr. Speaker, we have not made any other offer. I think the Linerboard and the other two companies really are in the same position as are the three unions.

MR. SPEAKER: The hon. member for Eagle River.

MR. I. STRACHAN: I wish to direct my question to the Minister of Mines and Energy. Could the minister indicate whether there have been any discussions between his department and BRINEX Limited concerning their plans for development next year of their uranium site at Kit's Pond and Michel Lake?

MR. SPEAKER: The hon. minister for Mines and Energy.

MR. CROSBIE: There have been discussions and we have whatever information is available on it.

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

MR. NEARY: Mr. Speaker, I have a question for the Minister of Forestry and Agriculture, Sir. Will the minister tell us now what is being done to try to get the spruce bud worm under control in this Province and the hemlock looper? Is there any programme underway now to try to eliminate the spruce bud worm in particular?

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

MR. ROUSSEAU: Mr. Speaker, right now it is certainly a cause of concern to us. As I understand it in attempting to review this situation it is steady pretty well out on the West Coast. They have been some increase in infestation in Central Newfoundland and we are continuing with our now existing policy of attempting to provide forest access roads to get in and cut down the wood before it rots. We have not yet made a decision in respect to the question of spraying. That still remains an option but at this point in time we are attempting to harvest the wood before the wood rots. The question of spraying, of course, will continue to be an option that we have but with the increase in the number of forest roads we hope this programme will enable us to salvage the wood before it rots.

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

MR. NEARY: Sir, I have a question for the hon. the Premier, Sir. Would the hon. the Premier tell the House, inform the House what action his government has taken on a promise that the Premier made in the House last session to stack the seniority, to stack the time on to veteran's time that they had worked less than ten years? If the Premier will remember there was legislation brought in whereby the service of a veteran who worked ten years or more would be stacked on to his, you know, added on to his time that he served in the public service and the Premier promised that any amount of time, any number of years would be added on. He was going to bring in an amendment.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: Mr. Speaker, any service that the veterans had overseas was being incorporated into provincial pensions. The present question-

I am not sure if that were the answer of not - it is presently being studied by Treasury Board and the final reply when I receive it will be given to the hon. member.

MR. NEARY: Mr. Speaker, will the Premier inform the House what he intends to do about the recommendations in the Legion brief that was presented recently to the government - number one in connection with expropriating the property around the War Memorial; two exempting veterans from school taxes and municipal taxes, what action the government is taking on these recommendations?

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: As we just received the brief last week, Mr. Speaker, obviously I will take notice of the question. Questions!

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

MR. NEARY: Mr. Speaker, would the Minister of Tourism, Sir, inform the House - I think this is under his department - what action the government is taking on a request from the Royal Canadian Legion, Branch No. 18 on Bell Island, to have the Wabana gun emplacement turned into a provincial historic site?

MR. SPEAKER: The hon. the Minister of Tourism.

MR. HICKEY: Mr. Speaker, I shall have to take that question under advisement.

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

MR. NEARY: Mr. Speaker, I wonder if the Minister of Health, Sir, could tell the House just how serious the epidemic of infectious hepatitis is in the Province at the moment and if there is any plan to immunize the children especially against this sickness?

MR. SPEAKER: The hon. the Minister of Health.

MR. H.A. COLLINS: I do not have the figure with me at the present time, Mr. Speaker, but I think I should make a statement now and say that there is no serious epidemic. I do not want the press nor the people in this Province to be left with the impression that there is such a case existing.

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

MR. NEARY: Mr. Speaker, I would like to direct a question to the Minister of Education. Would the minister inform the House if he

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received a report, the Jedore report in connection with the school needs of Northern Labrador and what action the government has taken on the recommendation that a high school be constructed at Nain in Northern Labrador?

MR. SPEAKER: The hon. Minister of Education.

MR. HOUSE: I have not received a full report on that. I understand that officials from the department were in Labrador two or three days ago, and I will be getting a report on that at which time I will give the information that is available.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to put a question to the hon. Premier, Sir. Would the hon. Premier inform the House if his government have been asked to assist with additional financing for the 1977 Summer Games? And while the Premier is on his feet, would he also inform the House the salary of Mr. Tom Doyle, the extent of his contract? Is this an established -

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

What I wish to point out is that really only one question at a time should be asked. Now the Chair has been fairly lenient, perhaps, in permitting questions which might be more explanatory of what any hon. member was asking. But I would think that a distinct different question and should remain to be asked at a separate time.

MR. NEARY: Have the city council asked for additional financing for the Summer Games, the 1977 Summer Games?

MR. SPEAKER: The hon. Premier.

MR. F. MOORES: Mr. Speaker, I think it is probably too early to say, but the answer right now is, no, and, Mr. Speaker, I would hope it remains no. We have made a very definitive commitment to the Summer Games Committee and to the city council. It is not the intention of government to add to that amount. The situation is now that we have not been asked by the city to my knowledge, nor is it our intention to give additional monies to the Canada Games.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, a supplementary: Would the Premier inform the House as to the duties and responsibilities of one Mr. Thomas Doyle in connection with the 1977 Summer Games?

MR. SPEAKER: The hon. Premier.

MR. F. MOORES: Yes, Mr. Speaker, as I understand it, Mr. Doyle, who had worked in my office some time previously, after the last election -

MR. NEARY: He was unemployed.

MR. F. MOORES: - where he lost to the hon. member for Twillingate (Mr. Smallwood) was obviously looking for employment of one sort or another. Mr. Andrew Crosbie, the Chairman of the Games Committee, as I understand it, asked him to go to work for the Games as Chairman of The Friends of the Games, I understand. Mr. Doyle was anxious to come to work with me in the capacity he had been before. I would have very much liked him to have had him in that capacity, but as we all want to make our contribution to the Games, I thought it would only be proper, as Premier of the Province, to support the Games in whichever way we could. Mr. Doyle I did employ in the office as an executive assistant was seconded for two years to the Canada Summer Games so that he can do his thing as Chairman of The Friends of the Games, on behalf of all the people of the Province, in that capacity, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, a supplementary: Would the Premier tell the House what The Friends of the Games will be earning, and is it on a contractual basis or is it an established post?

MR. F. MOORES: Mr. Speaker, as I understand it, The Friends of the Games is a fund raising organization for the Games itself, and I would hope that Mr. Doyle is so successful that the provincial government will not have to bail out the City of St. John's.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, could the Premier assure us that Mr. Doyle will be kept in that job for, say, beyond the next general election? Or if not could he assure us that it will not be Twillingate he will be contesting?

MR. SPEAKER: The hon. Premier.

MR. F. MOORES: It is unfortunate, Mr. Speaker, that I cannot ask the member of the Opposition a similar question in this particular case.

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

MR. F. ROWE: Mr. Speaker, probably this question is best directed to the Premier. Could the Premier indicate the status of the system of regional colleges planned for the Province as promised in the 1972 Throne Speech?

MR. SPEAKER: The hon. Premier.

MR. F. MOORES: Not at the moment, Mr. Speaker.

MR. SPEAKER: The hon. member for Exploits.

MR. MULROONEY: Mr. Speaker, a question to the Minister of Forestry and Agriculture. Could the Minister of Forestry and Agriculture state whether or not there has been a study done on the crop insurance plan for Newfoundland, and if so, has there been any plan to extend the crop coverage to include hay and cabbage whereas now it includes potatoes and turnip only?

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

MR. ROUSSEAU: The hon. member has me and I have to take it as notice.

MR. SPEAKER: The hon. member for LaPoile.

I think I should point out that this will be the last question and answer at this time.

MR. NEARY: This is the last question? I wish to direct my question, Sir, to the hon. the Premier, and I want to put this question to him before his has the birth certificate issued, Sir. Is he aware that the proper pronunciation is Stephen and not Stefan? I resent being called Stefan.

MR. SPEAKER: The hon. the Premier.

PREMIER MOORES: It is all right, Mr. Speaker, the hon. member is not from Iceland.

SOME HON. MEMBERS: Hear, hear!

ORDERS OF THE DAY

MR. SPEAKER: Motion 5.

Motion, the hon. the Minister of Transportation and Communications to introduce a Bill, "An Act Further To Amend The Highway Traffic Act," carried. (Bill No. 12).

On motion Bill No. 12 read a first time, ordered read a second time on tomorrow.

MR. WELLS (House Leader) Motion No. 6, Mr. Speaker.

On motion, the hon. the Minister of Justice to introduce a Bill, "An Act To Amend The Minimum Wage Act," carried. (Bill No. 11).

On motion Bill No. 11 read a first time, ordered read a second time on tomorrow.

MR. WELLS: Motion 7.

Motion, the hon. the Minister of Social Services to introduce a Bill, "An Act Respecting Family Allowances," carried. (Bill No. 10).

On motion Bill No. 10. read a first time, ordered read a second time on tomorrow.

MR. WELLS: Motion 1, Mr. Speaker.

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

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: Order, please!

The hon. the member for LaPoile.

MR. NEARY: Mr. Chairman, we are still on the tax bill, I presume. Well, Sir, since the House rose the other day—or on Friday, Your Honour, we have a couple of more examples of extravagance and waste on behalf of the government in the spending of the taxpayers money that would militate against any increase in taxes at this particular time, Sir. One example we had put forward in this hon. House today where the government intends to spend another \$150,000 on this foolish voyage of the Norma and Gladys, and she is not even a banker. I would not mind, Sir, if she was -

MR. WELLS: Point of order, Mr. Chairman. The debate on these resolutions is a debate as to whether or not the retail sales tax should be increased to 10 per cent in the category set forth. What the government now or at some future date does with the money is not really, Mr. Chairman, the subject that is under debate. There is ample opportunity in the Budget Debate or the Throne Speech debate or any of the general debates for the hon. member to deal with the matter of the Norma and Gladys. I think that is quite a separate question, Mr. Chairman.

MR. NEARY: To that point of order, Mr. Chairman: Your Honour, I think the House has to hear argument as to why members are for or against this increase in the sales tax. For the last two days, I think, in this hon. House, Sir, members

Mr. Neary.

have expressed their views on why they thought the tax should be not increased and gave reasons why they were voting against it. I would submit that that is not a point of order, Your Honour, that the member is merely trying to restrict debate in the hon. House and trying to muzzle the Opposition.

MR. SPEAKER (Dr. Collins): I think that it is accepted practice, at least I believe it is quoted in Beauchesne, that on a matter rising out of a bill of this order that the latitude for debate is fairly wide. I would think that the hon. member is in order on this point.

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: Thank you, Your Honour. Of course, Your Honour was reminded also the other day that the debate on the budget is not even complete yet and here we are passing the tax bill. But, Your Honour, the government are asking the House to up the sales tax by another 2 per cent while they apparently, Sir, are still on this wild spending spree. One example, as I indicated a few moments ago, was put forward in this hon. House today in connection with this foolish voyage of the Norma and Gladys. It is not going to prove anything. It is not going to do any good for the taxpayers of this Province. There is nothing, Sir, to be had in return.

MR. HICKEY: Well, we should not promote the Province then.

MR. NEARY: Sir, if we are going to promote the Province there are all kinds of other ways to do it. Mr. Chairman, I do not know if the House is aware of it or not but as far as I know, Sir, the government are proceeding with plans to spend \$200,000 on a golf course in Gander. Here they are, Sir, asking this House to approve an increase in the sales tax while we still have this kind of extravagance and waste going on. And I do not think it is good enough, Sir.

You know, Mr. Chairman, over in Ontario, in the Province of Ontario, Sir, where they have money running out of their ears, the wealthy Province of Ontario, they set up recently a special committee to study, Sir, ways to save money in the Province of Ontario. And on November 21, Mr. Chairman, the committee reported to the government of Ontario and came up, Your Honour, with ten ways to save

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money as outlined in The Ottawa Citizen Friday, November 21. They came up with ten realistic, positive ways to save money rather than sock it to the poor old taxpayer. Every province, Mr. Chairman, every province is thinking along the same lines today. They are trying to cut out the extravagance and waste rather than increase taxes.

Well, not in Newfoundland! Here we are here with the second lowest per capita personal income in the whole of Canada, record unemployment, galloping inflation - we have the reputation now of being the inflation capital of the world, of North America rather. You know, Mr. Chairman, I hear members get up in this House and say, Newfoundlanders do not cause inflation. Well, Sir, maybe I am stund but the economists keep telling us that anybody who overspends - and I do not think that Newfoundlanders are any exception - any municipality that overspends, any government that overspends contributes to inflation.

So, Sir, I do not think it is right, it is obscene, it is downright immoral for this government to come into this hon. House and ask members to vote for a tax increase, for an increase in the sales tax when they have not yet taken a good hard look at ways and means to save money and to cut out the waste and the extravagance and the foolishness such as the ill-fated voyage of the Norma and Gladys.

MR. HICKEY: Too bad. You are some sorry.

MP. NEARY: Yes, Sir, I am some sorry alright.

MR. HICKEY: Kind of glad if she does not come back.

MR. NEARY: Mr. Speaker, the hon. member for Lewisporte (Mr. White) asked one of the ministers there last week, I think it was, about this golf course in Gander. Is the government still going ahead with this golf course?

MR. HICKEY: Ah, broaden your horizons, boy.

MP. NEARY: Broaden your horizons! A golf course for a few of the well-to-do! I suppose they will be getting golf clubs for Christmas, put in their stocking for Christmas, getting ready to go out on the golf course in Gander next Summer. It will not be for the ordinary people but it is the ordinary people who will have to pay for it, Sir, through this increase in the sales tax.

MR. NEARY:

No, Sir, it would be far better if this government took a positive approach and did something like they did in Ontario and set up a special committee to show the government how they can save money. If they can do it in wealthy Ontario, I am sure they can do it here in Newfoundland. What we should be doing, Sir, instead of coming into this hon. House and asking for increases in taxes, we should be debating ways to increase the Gross Provincial Product to increase productivity in this Province instead of having a negative attitude like we have of asking for increases in taxes.

So, Sir, I could not help but getting up again today after the ministerial statement by the Minister of Tourism, throwing another \$150,000 down the drain. And I submit to you, Mr. Chairman, it will be much more than that. Sir, that voyage is going to cost the taxpayers of this Province close to \$1 million, down the drain with nothing, no benefits in return and she is not even a banking schooner. Good will, what good will is she going to bring for this Province?

MR. HICKEY: You should not make statements like that when you cannot back them up.

MR. NEARY: Well, Sir, I am making the statement. It is up now. The figure now, Sir, is well over a half million, I would suggest to the hon. House. Yes, Sir, that is right. Well, let the minister bring in his financial statement.

MR. HICKEY: On a point of order, Mr. Chairman. I do not have to prove my innocence. Someone else has to prove my guilt. Now, if the hon. gentleman wishes to make a charge let him make it and then maybe we will prove a lot of things. Otherwise, keep his mouth shut. Do not be irresponsible. You were doing good for a few days.

MR. NEARY: Mr. Chairman, I would suggest to this hon. House, Sir, I would suggest to this hon. House that the repairs on the Norma and Gladys have cost the taxpayers of this Province close to \$180,000. It cost \$75,000 to have a couple of spars put in her in New York.

That is \$245,000 or \$250,000.

MR. HICKEY: Is that our expense?

MR. NEARY: That is mostly at the expense of the Newfoundland taxpayers, Sir.

MR. HICKEY: Is it?

MR. NEARY: Well, I do not care whose expense it is. It is still the taxpayers.

MR. HICKEY: That is right. You do not care.

MR. NEARY: It is still the taxpayers, Sir.

MR. HICKEY: Nice to hear you say that.

MR. NEARY: Then there is the airlift Sir, the airlift of bringing crew back and forth between Newfoundland and the West Indies and Panama. I would like to know how much that is costing.

MR. HICKEY: Cost shared.

MR. NEARY: Cost shared, the airlift is cost shared. Well let the minister produce the facts and figures.

MR. HICKEY: I cannot help it if you are suspicious.

MR. NEARY: And I am sure, Sir, that the government, the people of Canada would be very interested to find out in these times of austerity and belt tightening that the Government of Canada is lashing it out for foolish nonsense—

MR. HICKEY: Well known.

MR. NEARY: — and spending \$2.5 million to build a golf course down in the National Park, Terra Nova National Park. Two wrongs do not make a right, Mr. Chairman.

MR. HICKEY: We will close everything up.

MR. NEARY: But nevertheless, Sir, I do not want to get into things that are irrelevant at the moment. But Sir, it must be obvious to everybody in this Province that the government could save if they wanted to the amount that they will raise through this increase of two cents in the sales tax. It is just another reason, Sir, why all hon. members should

MR. NEARY:

in conscience, if they are thinking Newfoundlanders at all, if they have the interest of the ordinary people of this Province at heart, on either side of the House vote against this bill until the government has really proven to the people of this Province that they intend themselves to tighten their own belts, to do a little retrenchment on their own, to do a little house cleaning. You know, Mr. Chairman, before I sit down I just had another thought there, Sir, about the consulting engineering fees that are being lashed out in this Province right, left and centre, gone completely out of control. I am glad that the Minister of Municipal Affairs is having a special audit, a special investigation done into one or two municipalities where the consulting engineering fees are considered to be excessive, especially on the water and sewer project presently underway in Burin Inlet.

I am told, Mr. Chairman - I have not got the figures yet but the Minister of Municipal Affairs and Housing may be able to set the record straight when they get the report - I am told that that project, the cost of it was estimated to be in the vicinity of \$2.8 million. So far, Sir, so far \$600,000 has been spent in consulting engineering fees,

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\$600,000, Sir. Look, I am told, Mr. Chairman - and then they had the gall to bring this bill in asking for an increase in taxes - I am told, Sir, that the consulting engineers not only get their own consulting fees, but they also get expenses, plus 100 per cent. In other words, Mr. Chairman, let us say the consulting engineers go off to one of the rent-a-car firms, and they rent a car for a certain amount, and they send the bill into the government, they add on 100 per cent for themselves on to that bill, and not only rent-a-car, Sir, but everything all the way down the line, telephone calls. I am just citing an example of extravagance and waste and perhaps I will go through it again for the benefit of the hon. Premier.

PREMIER MOORES: Cool down, Stefan!

MR. NEARY: It is not Stefan. I am glad it is not -
Sir, consulting engineers - I just used one example of rent-a-cars. They will rent a car, they will send the bill to the government to pay for that rent-a-car, and then they will add on 100 per cent for themselves. They are getting their own fees, they are getting expenses, plus 100 per cent. Outrageous, Sir! It is outrageous! And there should be a stop put to it. I have other examples, Sir, that I will bring up later on in the House. Mr. Chairman, how can any member in this hon. House, who has the interests of the ordinary people of this Province at heart, how can they, in all conscience, agree to this increase in two cents on the sales tax when they see all the examples of extravagance and waste that are going on right before their very eyes, right under their noses?

Mr. Chairman, you know, I got the impression, rightly or wrongly, you know, that a lot of the members of this hon. House, Sir, just do not care. They do not care, Sir. You know what this session of the House reminds me of so far, Mr. Chairman? It is like a bubble that is right ready to bust. Nobody seems to care. Everybody is talking about the battle against inflation, increased taxes, retrenchment, cutbacks, but nobody seems to be doing anything about it, no leadership. There is no sense of urgency.

MR. MORGAN What about the budget?

MR. NEARY: No, Sir, well I must say I read Wick's column the other day -

SOME HON. MEMBER: No sense.

MR. NEARY: No, Sir, but there is really no sense of urgency, especially on the part of the government. And while on the one hand they are asking the people to cough up some more money, while the other provinces are trying to cut down on ways to save money, while they are trying - like they did in Ontario, setting up special committees to show the government where they can save money. Maybe we should call in the Auditor General's department, and let him go through the estimates with a finetooth comb and tell the government where they can save money. But, Sir, we cannot carry on with the course that we are on. We cannot ask the ordinary people of this Province to fork over any more money unless and until the government, that is sitting back in a semi-irresponsible manner and letting this extravagance and waste go on right under their very noses -

MR. CHAIRMAN: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Chairman, the government have moved the House into Committee of Ways and Means, asking the Committee to approve the two percentage point increase in the sales tax on a great many items, from eight per cent to ten per cent. And the minister has told us that in what is left of this present financial year, this increase will bring in about seven million badly needed dollars, badly needed

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by the government, therefore badly needed by the Province. In this matter the government and the Province are one. We have also the fact that in a full year the same tax increase will bring in something of the order of \$20 million next year, and again that \$20 million will be badly needed. But, Sir, I have already said here, and I have said it with considerable reluctance, that I am going to vote against the 10 per cent increase. My reason for that is that I feel, and I feel very strongly, that the way for the government to balance the budget on current account is to retrench, retrench heavily, really heavily, and I mean heavily, I mean to retrench to an extent that no one I believe in the House is contemplating at this moment, up to this time, I believe that the kind of retrenchment and the degree of retrenchment that is imperatively needed, imperatively, is in the dozens and scores of millions of dollars a year. The Premier himself said publicly, I heard him on the air, say that next year they will have to cut expenditure by \$100 million to \$150 million. And on Opening Day here I said, not enough, \$200 million, maybe quarter of a billion. Cut expenditure of everything current and capital combined down to not more than \$700 million or \$750 million.

I went up to Ottawa on Saturday past and I spent Saturday and Saturday night there and came back yesterday, and on the plane coming down I read Saturday's edition of The Toronto Daily Star, and on the front page there was a story that startled me. The headline says "Ontario warns hospital staffs to be cut back." They warned that hospital staffs are to be cut back. It was written by Charlotte Montgomery, Star staff writer. "The Ontario Government has told all hospitals in the province to freeze the salaries of senior employees and not to increase hospital staff. And it has warned the hospitals that it will soon call for cutbacks in staff and a reduction in the number of hospital beds." He - who is the he? "Health Minister Frank Miller will announce specific restraints for individual hospitals in a few weeks," Deputy Minister S. W. Martin said last night. Martin described the restraints aimed at curbing the province's soaring

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health costs,¹¹ and the Premier knows something about that, and so do I and so does every hon. member of this House, the soaring costs in Newfoundland of public health, and the soaring costs of education, and the soaring costs of virtually everything in the last year, two, three, four, five, six, eight, ten years, twenty-seven years the soaring costs.

He said, this is the deputy minister, he said, "Beds will be closed." He said, "It is possible the staff reductions will mean firings, but 'we hope we can do it by attrition', that is, not appoint new staff and as people retire, reach the retirement age let them go and do not replace them by attrition." Miller already has said, hear this, Mr. Chairman, Miller the deputy minister already has said, "Twenty-four small hospitals in the Province will be closed in a move to trim about \$100 million from the government's health budget. The first part of the Province's cost cutting programme was outlined in a memo sent by Martin to all hospitals Wednesday. It told them not to submit their 1976 budgets until the full cost cutting programme has been given to them. Hospitals normally submit their budgets to the Province in the Fall for approval

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for the following year." Now they have been told, we do not want your budgets until next Spring, we do not want until we have settled on our cost cutting, in other words, our retrenchment programme.

Sir, it is not going to save the Province, it is not going to balance the budget merely by increasing taxes. Now I am prepared to admit that some increase in taxes is necessary although we are already, already the most heavily taxed people in Canada. I think this will be generally admitted here. I do not think anyone will. I do not think anyone can deny that Newfoundland people, 540,000 souls are now and have been for the good many years - this is not something that has come in with the present administration. This was true, perhaps not quite as true, five, six, ten years ago as it is today. We are a heavily taxes people. You can increase taxes to the point of diminishing returns where actually a heavier tax gets you less money. That can happen. It happens frequently. You cannot balance the budget of this Province by getting more revenue, by imposing more taxes, new taxes, increased existing taxes. That is not the way to do it. That is temporizing. That is expediency. It is not facing up to it. It is not looking the problem straight in the face. It is trying to take an easy way out, an easy and an unpleasant and an unpopular way, I may say, because obviously even if you exempt clothing and exempt other things as well, the fact is that you have jumped in this resolution, you propose to jump the sales tax by - the Leader of the Opposition worked it out. He is a better mathematician perhaps than I am - as a 25 per cent rate of increase, from 8 per cent to 10 per cent. That is not the way to do it. It is not the way to do it.

Now I do not think even the Premier and I am sure the Minister of Finance are not more anxious to see this Province's budget balanced than I am. I saw the Province's budget unbalanced and we ended in very deep trouble. I remember that as vividly as though it were the day before

MR. SMALLWOOD:

yesterday. I remember, Mr. Chairman, sitting in the House of Assembly in the press gallery and hearing Sir Richard Squires, the Right Hon. Sir Richard Squires, the Premier of the Province, the Prime Minister of the country of Newfoundland, with his voice ringing, he had a magnificent baritone voice and his voice rang with pride as he announced, "Mr. Speaker, it is with pride and joy that I tell our people that we are bringing forward this year an education budget of \$1 million." By the way, that \$1 million that year is now replaced by \$240 - a quarter of a billion. My first year as Premier, the total budget of Newfoundland for education was \$3 million, \$3 million; the next year \$5 million; the next year, \$7 million I think - I am approximating now - then \$11 million; then \$14 million; then \$18 million; then \$28 million; then \$37 million; then \$44 million; then \$56 million; then \$72 million; then \$96 million; then \$110 million; \$130 million and it has gone on and on until today the soaring cost of education has brought us up to an expenditure of \$246 million, a quarter of a billion dollars.

MR. SMALLWOOD: But I saw the Premier of Newfoundland exclaim with very obvious pride, he was a Liberal, he was proud that he was a Liberal and that education, the Liberals were the friends of education, so we are going to ask the House to vote \$1 million this year for education. They did. They voted \$1 million. The next year succeeding, the very next year the same Premier had to come before the House and confess with humiliation and shame and sorrow that he was going to ask the House now to cut it back from \$1 million to \$750,000. Then he was voted out of office. He went out and Mr. Monroe came in and Mr. Monroe in his first year had to come before the House and ask the House to cut the education grant from \$750,000 down to \$500,000.

Senator Fred Rowe, who was Minister of Education in the Government of Newfoundland after Confederation, told the House one day, I remember, when he was principal of the big school in Greenspond - or was it Wesleyville? somewhere on the north side of Bonavista Bay, his salary was cut to \$40 a month. \$40. Education was cut from \$1 million to \$750,000 to \$500,000.

Ontario is lopping off twenty-four small hospitals and all the rest have got to hold the line. Now you are not going to balance your budget, Mr. Speaker, by getting the Newfoundland people to give you the money to do it. They have not got it. And the way to do it is to need less money, spend less, you will need less and you can balance the budget that way.

I appeal seriously to the Premier. Although it is the Minister of Finance who is moving the resolution and all that, it really is the job of the Premier of the Province to see that the budget gets balanced. That is his job. He cannot escape it. He cannot evade it. He cannot pass it over to somebody else. He cannot even pass it over to the Cabinet. The Premier is unique. He and he alone, more than all the Cabinet, more than the Minister of Finance, the Premier is responsible for the job of balancing the budget.

Most Premiers across Canada are their own Ministers of Finance. And whether they are or are not, it is the Premier of a Province who controls

MR. SMALLWOOD: Finance because Finance is the heart and soul of the Government and I appeal strongly to the Premier. I suppose the government will go on now with this ten per cent.

It is too late I suppose for the minister to withdraw it. They do not know how they are going to substitute something for it for the remainder of this financial year. But they are going to be bringing down the budget in the Spring for the next financial year. I beg them to turn their thoughts, between now and the next budget, turn their thoughts away from taxes toward retrenchment and economy. Get it over. Like us when we were young fellows, when the Premier no doubt was a young fellow in Carbonear and went over to some swimming hole with the other young fellows, there were two ways of going in the pool, one was the way that I used to do it, stick my big toe in and then maybe even daringly put my whole foot in and then get down and put a bit of water on my arms and then finally go in, inch by inch until I was wet all over. That is one way. The other way was sudden death. Dive in head first. I am asking the Premier to dive in head first. He has got

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four or five years ahead of him. Get it over with, sudden death. Get the pain over with. Start economizing and Newfoundland will praise him for it. They might even re-elect him, might, four or five years from now.

MR. WELLS: In replying to the remarks made on the other side of the House, I would refer myself first to the remarks of the hon. member for LaPoile (Mr. Neary). He dealt with a subject which in a sense I felt was not strictly relevant to the question of the tax increase and how much it ought to be. He referred to a project called the Norma and Gladys. There have been many speeches and remarks made about this but I would like to say something, not only as a member of the government but as a Newfoundlander on this subject of the Norma and Gladys.

I do not think that treating and dealing with the Norma and Gladys, which is an expenditure of \$100,000 or \$200,000, I do not think that has much relevance, Mr. Speaker, to the overall financial state of the Province which this tax resolution is designed to correct. I will say this for the Norma and Gladys, it is a shared project, something entered into by the federal and provincial governments not only to promote Canada but most of all and dear to our hearts was to promote Newfoundland. Now, people may laugh and jeer and scoff and all the rest but I, for one, when that ship went out of the harbour went up on Signal Hill and watched her go out. It was a Newfoundlander schooner of the sort that I saw a great many of when I was growing up as a boy and I, for one, felt a degree of pride.

MR. NEARY: She is not a banker.

MR. WELLS: No, she is not a banker. She looked more to me like the Labrador schooners that I saw when I was growing up.

MR. NEARY: She is not a banker. She is not even a Labrador schooner.

MR. WELLS: She had the rig and the appearance of a Labrador schooner. That is what she looked like to me, and I saw plenty of them.

MR. HICKMAN: She fished as a banker for two years out of Harbour Breton.

MR. WELLS: That is right.

Well, anyway let me say now and say for this government that I

felt a feeling of pride when I saw something that was unique to Newfoundland sail out, and for the sake of a couple of hundred thousand dollars -

MR. NEARY: \$500,000 so far!

MR. WELLS: The hon. member says a million. The hon. member trots out figures and they have no relation to anything that is actual, they are what he thinks. He may think it, that is fine, but that does not mean that it is so. And I say that for the modest expenditure that this Province put together and matched with the federal expenditure to send that ship on a goodwill tour, I say, Mr. Chairman, it was justified. The hon. member, as I say, may scoff at it and a great many more may and try to make an issue of it but it seems to me, you know, Mr. Chairman, we do little enough to promote this Province which has a proud heritage and a proud history with all our faults, with all our shortcomings. Who elsewhere in the world know as much about Newfoundland, knows what Newfoundland achieved over the years or what she was capable of? I for one am proud of that. When I saw that ship sail out, I felt a feeling of pride and if it cost \$200,000 or \$300,000, whatever the final figure is, shared with Ottawa to do this, then I say let it go, Mr. Chairman. I say, it was a good expenditure and it is not going to mean that Newfoundland can or cannot balance its budget. It really has nothing to do with it. It is a little expenditure on behalf of the, for the pride really of this Province, and I, for one, do not begrudge it.

SOME HON. MEMBERS: Hear! Hear!

MR. WELLS: On the matter of consultants fees, I think I must say my friend's point is perhaps well taken. I feel there has been a lot spent in consultants fees in Newfoundland. You cannot turn to the individual fee and say the consultant did not earn it. Yet in the aggregate when you look at it, you wonder if good value for money has been obtained for all these fees. I certainly think the hon. member's point is well taken, something which government ought to have a look at and is having a look at.

I would like also now to address myself to the remarks of

Mr. Wells.

the hon. member for Twillingate (Mr. Smallwood). He has said that there is a limit to which this Province can go in raising taxes to balance a budget, and he has said very eloquently, as he said in the debate, in the budget debate itself, either on the amendment or on the sub-amendment, I am not sure which, but anyway he has said before that the way to go is to reduce expenditure, and he has drawn the analogy of Newfoundland before she became a Province of Canada in the days of Responsible Government when, as we know, this Province, this country, dominion as it was then, got into trouble because the tax base was not sufficient to actually pay the interest on the debt and carry on the services, rudimentary services that they were at that time, that this country was trying to provide.

Mr. Wells.

The hon. member's point is well taken. I, for one, would not deny that there is a point beyond which you cannot go in terms of taxes. But there is also something else that we in Newfoundland, and this government and all of us as members have to take into consideration, and that is that we are now a Province of Canada. We cannot willy-nilly cut out programmes which are shared with the federal government. The hon. member talked about health costs, one of the soaring areas of cost. But everything we do, Mr. Chairman, in the health area, everything we do is tied into arrangements made with the Government of Canada. The expenditures of this Province, as I believe the hon. Premier has said, are something of the order of - 75 per cent of the expenditures on current account of this Province are fixed. When I say fixed, they are not fixed by statute, although some of them are, but for practical purposes the government has little or no control what to do with them.

Take teachers' salaries. Now it is conceivable that this government would have to reduce if things got bad enough, the salaries, salaries of teachers, as the hon. member for Twillingate (Mr. Smallwood) was talking about in the 1930's happened. But this would be an extreme step. This would be one of the last steps that would have to be taken, and I am not saying that looking to the future, if the economy of Canada and the economy of the Western World becomes unmanageable whatever happens to the Western World, and to Canada, Newfoundland we can be sure is going to fare probably worst than other provinces, because of various factors which are historical as much as anything. But it would be an absolutely extreme step to cut teachers' salaries. But look at the amount of teachers' salaries, look at the total proportion, almost one-quarter of a billion dollars of our budget made up by them. When the hon. member says, we should cut expenditures, is he saying categorically that we should, this year, cut teachers' salaries for the balance of this financial year? I do

Mr. Wells.

not think he is. I think he is too responsible to advocate that in this House of Assembly that we should for the balance of the year cut these salaries and yet that is a one-quarter of a billion dollars expenditure.

Take health: The health system, the health care system, as it is called in this Province, is financed and arranged through agreements with the Government of Canada, the agreement on Medicare and the Hospital and Diagnostic Insurances Act - I forget the actual title but that is basically it. Into this, we are locked in. We are locked in even by the Government of Canada. We are locked in on the Hospital and Diagnostic Services Act for a further five years. And during that time the Government of Canada says, we will review it and come up with a new formula that will cost the Government of Canada less, and fair enough, that is what they want to do. I do not blame them, because they recognize soaring health costs. But we cannot, without being completely in breach of that act, we cannot go and slash off these costs. If we do it, the only way I can see we can do it is actually reduce the cost of salaries that are the subject matter of collective agreements that have been entered into, formal agreements, and signed.

MR. SMALLWOOD: Would the minister allow me?

MR. WELLS: Yes.

MR. SMALLWOOD: Does the legislation or the contractual relationship that exists between Newfoundland and Canada with regard to health, does that legislation impose a minimum expenditure of a minimum physical apparatus there must be, or a maximum? Does it say that the Government of Newfoundland must maintain these minimum standards of people and personnel and buildings and beds and what have you, or does it say, we will share with you on this arrangement up to a certain maximum? Which is it?

MR. WELLS: Perhaps it is neither really. It is closer to, up to a certain maximum, but I do not think there is even a maximum, although perhaps there is.

MR. SMALLWOOD: There is no minimum.

MR. WELLS: There is no minimum.

MR. SMALLWOOD: No.

MR. WELLS: That we know, but it is a shared arrangement which in effect is not as simple as saying it will be fifty per cent or sixty per cent or seventy per cent. It is brought about by taking national averages. Therefore, if the Province of Ontario -

MR. SMALLWOOD: What is brought about by taking averages is the amount that they will pay us.

MR. WELLS: Right.

MR. SMALLWOOD: If the minister will - just so that we will all be a little clearer. It is a matter surely of the Province itself setting its own levels and standards, and it having done so, not Ottawa, but St. John's having set the standards and levels of health services, Ottawa then will pay so much to the Newfoundland Government in accordance with a certain schedule and formula. But the tone, the pace, the standard, the level are all set by us, not by Ottawa.

MR. WELLS: That is correct. The hon. member is correct. The only thing is that there is a bit more to it as I see it than that. When Ottawa offered, for instance, a medicare programme, and the hon. gentleman

MR. WELLS:

was Premier at the time, I do not think for a moment that the Province of Newfoundland could have said no to Ottawa. I do not think it could have allowed, this Province could have allowed the other nine provinces to enter into the medicare system with Ottawa, and this Province stayed out and gone along on the previous system that it had, I do not think so for a moment. But by the very act of embracing medicare, of going in on this system this Province started to pay monies out. Now when the Federal Government says we are going to change the formula, this Province is caught. When I was Minister of Health this past Summer we had to provide additional, the government had to provide additional monies to medicare because of changes that took place, because the larger provinces altered their system which brought this national averages matter into play and of course were informed categorically by the Federal Government that they are going to change the rate of increase of their contribution which means we are going to have to pay in this Province more money even to stay in the scheme in the coming year, two years, three years, four years.

So what I am really saying is that apart from details, Mr. Chairman, because of our arrangements with Ottawa, because we are part of Canada, because for twenty-five years we have lived with the hope and aspiration that we can bring services up in this Province to something approaching the standard of services in the rest of Canada, because of that it would be extremely difficult to start cutting services. Yet the hon. member may be right, it may have to be done some time in the future. But this government holds to the belief and the expectation and the resolve that where we can, we can hold the line, hold the services that we have and balance the budget by taking the action that we have taken.

Now the action that has been taken this year will provide an additional \$7 million on S.S.A. which will bring the budget, as we all know and has been said in the Budget Speech and remarks on this debate, to the point of an \$11 million shortage. It would be nice to go all the

MR. WELLS:

way and completely balance it without borrowing. But unfortunately there seems no way to do that. We have slashed everything that we can, I think, reasonably do, Mr. Chairman. We have deferred capital programmes which are of extreme concern. I was going to say vital to the Province. They are extremely important. Ask the people in Grand Falls whose hospital extension has been delayed. Ask the people in Bonavista, on the Burin Peninsula, in Clarendville, all over. What we have done is hurting. I agree, Mr. Chairman, that it has to hurt if it is to do any good. But there are two sides to it and we have attempted to achieve a balance: (1) By slowing down capital expenditures, and the other by increasing the taxes. We have attempted to do something else as well, that when increasing this S.S.A. we have also by taking it off all clothing tried to make it a little easier, a little more palatable for the average man, the man and wife with a large family of children and the family - everybody has to wear clothing. It is more of a burden on the low income earner to clothe and feed his family than it is on the high income and we have attempted to balance that out by removing it on clothing. We have imposed, and will come to later on when we debate the second tax change on the income tax, we have tried to put the tax, more of the tax on the shoulders of those who are best able to bear it.

So, Mr. Chairman, we look at it as really a two prong thing, as trying to hold on to some of our, most of the services that we in Newfoundland have fought so hard to get, and at the same time to spread the tax burden in the most equitable fashion. Now, Mr. Chairman, we are not perfect. We may not be all-wise or all-seeing in this. But we have tried to do what we had to do in a way to hurt least the average citizen of this Province.

Now every member in this hon. House may have a differing or different opinion as to the wisdom of what has been done. But we have approached it as a balanced approach, as an approach we think and hope will achieve our objective without doing too much harm or too much damage to the taxpayers of this Province. So, Mr. Chairman, that is why the resolution is before this Committee today.

MR. NEARY: Sir, when the hon. member started his rebuttle to the remarks that I had made earlier, Sir, you would swear, Mr. Chairman, that anybody who raised this matter of extravagance and waste in connection with the ill fated voyage of the Norma and Gladys that you were unpatriotic. That the hon. member was absolutely right. When he speaks in this House he is right up on a pedestal. He has to be right. Everybody else is wrong. Well, Sir, what I am saying is this, and the hon. member knows what I am talking about, it is going to cost close to \$1 million to finance that whole operation. Maybe it is jointly shared by the Province and the Government of Canada, but we were told this afternoon in this House while we were discussing a bill to increase taxes that another \$150,000 is going to be spent and then the minister tells us how thrilled, yes Sir -

MR. PECKFORD: Not another, no.

MR. NEARY: An extra \$150,000, I put the question to the minister -

MR. PECKFORD: No, that is wrong.

MR. SMALLWOOD: May I help?

MR. NEARY: Help, help me.

MR. SMALLWOOD: The minister said that this trip to Europe would be \$150,000 but you have to subtract that from what it would have cost had she gone over to the Orient. It is not an extra \$150,000, it is probably a substantial saving.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Is that right?

MR. NEARY: Well, Sir, the question that I put to the minister, and I should know, I was the one who asked the question, I should know what I asked him, and I asked the minister how much extra this is going to cost the taxpayers of this Province, this rescheduling of the Norma and Gladys? Maybe he did not get the question. He said \$150,000. Well look, Mr. Chairman, -

MR. WELLS: The hon. member for Twillingate is quite correct. It is not an extra \$150,000.

MR. NEARY: Mr. Chairman, this ill-fated voyage of the Norma and Gladys

MR. NEARY: is going to cost the taxpayers of this Province a substantial amount of money. Let us not quibble about what the amount is. It is going to be \$500,000, \$750,000, \$1 million. But the point I am making is this; the member says he went up on Signal Hill and he watched this little boat go out through the Narrows and he was thrilled. Here we were protecting the heritage of Newfoundland. Well I would say to Your Honour that I would like to see \$150,000 or \$200,000 or \$500,000 or \$1 million directed in a different way in this Province. I would like to see it go to put some crutches in the hands of little crippled children who need them, to put eyeglasses on children and people who need them, and to put dentures in people's mouths that need them. Then, Sir, I would say we would have something to be proud of. We could afford the luxuries then of sending off little boats around the world. And Your Honour knows full well the number of kidney machines we have in this Province, how badly we need one out in Port aux Basques, in that hospital. And we are going to send off this little yacht, this private yacht she is called, to try to get a little bit of good will and she is not even a Labrador schooner or a banker. That is the point I am making, Sir. We could find better use for that money. And I would be just as thrilled as the hon. member to go up on Signal Hill and watch the Shirley Blanche or the Norma and Gladys or any other boat go out on a tour around the world.

MR. SMALLWOOD: Sid and Sam.

MR. NEARY: Or the Sid and Sam if we could afford it. But I am all for -

MR. BRETT: Heavy stuff.

MR. NEARY: Yes, it is heavy stuff, Sir, when the Minister of Social Services is hinting that people are not going to get their increase in Social Services the 1st. of January because the government cannot afford to pay it because retrenchment, and cutback. Mr. Chairman, if the hon. member wants to speak in this debate, Sir, he can. I have the floor at the moment. And I am making some very valid points.

MR. NEARY: We can ill afford that sort of thing, Sir. The only thing that you can hold up that Norma and Gladys for is a symbol of the foundering Ship of State. That is about all, Sir. She could be used for at this particular time. We could find better use for that kind of money.

Mr. Chairman, while I am on my feet giving examples of extravagance and waste, does Your Honour know and does the House know that we have in this Province a sculptor, a sculptor!

MR. NEARY:

why some of the wealthy Provinces, like Ontario could not even afford a sculptor. We got countries in the world that could not afford a sculptor. But we have got one in this Province and I would like to know today what he is sculpting. Is he doing a bust of the hon. the Premier? The hon. the former Premier, I do not think, will have his bust done while he is alive.

MR. SMALLWOOD: He did one of me.

MR. NEARY: He did one of you?

MR. SMALLWOOD: Yes.

MR. NEARY: Well, what is he doing? And you know, Mr. Chairman, we also have, believe it or not, apart from a sculptor, we have a picture framer, lives up I believe, up near where the hon. the Premier - he lives over that way somewhere, an official framer, a framer. Newfoundland with a sculptor and a framer!

MR. MURPHY: Did you say a flamer?

MR. NEARY: Not a flamer, no a framer. A gentleman who frames pictures for the University and for the -

MR. SMALLWOOD: So long as he does not frame people.

MR. NEARY: Well, I tell you the hon. gentleman should put a picture of hon. members in this House in a frame. I guarantee you that would be one for posterity. But you know the point I am making, Sir, we are sitting back here soaking it to the ordinary Newfoundlander and here we are lashing out his dollar, his tax dollar to sculptors.

MR. MURPHY: Who hired the sculptor?

MR. NEARY: Who hired him? I do not know who hired him. I do not care who hired him.

MR. MURPHY: Did the dirty Tories hire him?

MR. NEARY: He is there.

MR. MURPHY: Put things in their proper perspective.

MR. NEARY: And an official, an official framer.

MR. MURPHY: That is right.

MR. NEARY: Yes, Sir, that is right. And I do not know who hired him. But, Sir, this is the kind of thing that we should be looking at, Mr. Chairman, before we come into this House and ask the taxpayers of this Province to cough up another two cents on the sales tax. I agree with my hon. friend, Sir, and I just showed my hon. friend the list of ten ways that were recommended to the Government of Ontario to save money. Some of them would make the hair stand straight on your head, Sir, - have to do with hospitals, cutback in hospitals; a smaller portion of the Gross Provincial Product should be spent on education to reflect shrinking enrolments. The Minister of Education indicated in the House the other day that the enrolment in our schools in Newfoundland is down this year by three hundred and some odd, 350.

MR. HOUSE: 313.

MR. NEARY: 313. And I remember when we had the great economic conference over here, Sir, in the Arts and Culture Centre.

MR. MURPHY: It was fantastic!

MR. NEARY: The hon. member was over and spoke, had his few - had his say at that conference. I remember the Minister of Education at the time bringing out a graph that showed that with birth control and family planning and that sort of thing that we would have reached our peak by 1975, I think it was, and then we would start to go down and enrolment in our schools and university and vocational schools would drop off. Well, apparently that trend has already started. But, Mr. Chairman, I am sure of one thing, that when Dr. Phil Warren, Sir, that prominent educator in this Province, a man for whom I have nothing but respect, that when that hon. gentleman did his report, a royal commission on education in this Province, that he did not in his wildest imagination, in his wildest dreams expect to see the bureaucracy set up as a result of that royal commission report. I am sure if Dr. Warren was asked today to give an opinion of the implementation of the recommendations of that report, that would be the first thing that he would latch on to.

MR. MURPHY: He would go into mourning!

MR. NEARY: I beg your pardon?

MR. MURPHY: He would wear sockcloth and ashes.

MR. NEARY: Then I am sure, Sir, that Dr. Warren did not mean, did not mean to - all they did, Mr. Chairman, despite the recommendations, Sir, which were not followed, all they did was move the bureaucrats and the mandarins out of Confederation Building down into the Royal Trust Building. That is all that happened, Mr. Chairman. But I am not going to go into a debate on that at this time, Sir, except, except to point out to the administration, Sir, that there is room in the Department of Education for savings. The other day I recommended that you lop 10 per cent off all non-essential government spending and somebody immediately snapped back and said, well how can you take 10 per cent off education. I would say you could take it off pretty easy, Mr. Chairman, and not affect in the slightest the education in this Province which is declining anyway.

MR. SMALLWOOD: We may be forced to do it.

MR. NEARY: Well, maybe we will.

MR. SMALLWOOD: We may have no choice.

MR. NEARY: And that is the sort of thing that we should be looking at, Sir, instead of bringing in bills to increase taxes. Sit down and ask ourselves whether Newfoundland can afford a sculptor and an official framer

MR. NEARY: and if we can afford to continue our programme of building golf courses. There is a golf course going to be built in Gander and it is going to cost \$200,000.

MR. PECKFORD: There is no \$200,000 coming from here.

MR. NEARY: I beg your pardon?

AN HON. MEMBER: Later.

MR. NEARY: Yes, Sir, the Premier made a commitment in Gander during the last provincial election.

MR. COLLINS: He did not.

MR. NEARY: He did, and as far as I know, Sir, the announcement that he made to that little group in Gander, the promise to build a golf course is going to be kept, \$200,000. Well let them stand up and say no.

MR. F.B. ROWE: That is right.

MR. NEARY: Let them stand up and say no, we are not going to do it.

PREMIER MOORES: We have already done it.

MR. NEARY: I beg your pardon?

PREMIER MOORES: We have already done it.

MR. NEARY: No, Sir, the hon. the member for Lewisporte (Mr. White) -

PREMIER MOORES: Recreation has been deferred for one year.

MR. NEARY: No Siree, that has nothing to do with the new recreation programme.

PREMIER MOORES: Sure it has.

MR. NEARY: No it has not.

PREMIER MOORES: Sure it has.

MR. NEARY: The Premier made a separate commitment to this little group in Gander, I think they are called - not Bayview, I forget the name - during the election.

MR. HICKEY: There was a commitment in my district but that is cancelled.

MR. NEARY: My friend here the member for Lewisporte (Mr. White) put a question to the government the other day and asked one of the ministers - I believe it was the Minister without Portfolio - the minister said he would get the information for the House and so far the information has not

been brought into this House.

MR. WELLS: I am sorry! What was that?

MR. NEARY: The member asked if the government was going to proceed with the construction of a golf course costing \$200,000 in Gander, and he has not got the answer. Yet the Premier says they announced that it was cancelled.

Mr. Chairman, I hate to be getting up and bringing these things up.

DR. FARRELL: Your in bad shape, eh?

MR. NEARY: No, Sir, I am in pretty good shape. I am in pretty rare shape today. Mr. Chairman, any member of this House if he is doing his duty to the people of this Province can take the estimates, go through it with his pencil and I guarantee he would want it well sharpened, because the point would be worn right down before he would get through it, and draw a line through all the waste and all the extravagance that is in the estimates. That is what we should be doing, Sir, instead of debating this bill at this particular time. I am not against Newfoundland protecting its heritage but I want to see little children get wheel chairs when they need them.

AN HON. MEMBER: Hear, hear!

MR. NEARY: I want to see an old person get the roof of his house repaired when it is leaking. Let us get our priorities straight, Sir, let us get our priorities straight. When the member gets up and more or less implies that I am against a little boat going off on a good will tour that will bring all kinds of benefits to Newfoundland I would like to know what kind of benefits that it is going to bring to Newfoundland.

MR. HICKEY: All kinds.

MR. NEARY: Bills! That is all. It will bring back bills. Mr. Speaker, that money could be better spent.

MR. HICKEY: Would you like an example of the benefits?

MR. NEARY: The member can have his opportunity to speak when I take my seat, and if the member says anything I disagree with I will get up, Sir, and put up a defence as I have done with my hon. friend who went up on Signal Hill and was so thrilled to see this ship going out the Narrows costing the taxpayers of this Province about a half million

Mr. Neary:

or three-quarters of a million dollars that could have been spent on drugs for senior citizens. Nothing, Sir, thrills me more, nothing gives me greater pleasure than to see a little crippled child get a wheel chair when she needs it.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Because the policy of the government right now is to turn down these kinds of requests.

MR. MURPHY: That is not fair.

MR. NEARY: That is true.

MR. MURPHY: That is not fair.

MR. NEARY: It is not fair but it is true.

MR. MURPHY: You squandered \$243,000 on Bell Island -

MR. NEARY: What about the \$3 million or \$4 million, Sir, over in the Department of Fisheries?

MR. MURPHY: The gall -

MR. NEARY: Yes, the gall, the gall of this crowd to ask for an increase in taxes when \$3 million or \$4 million have been whipped out of the Department of Fisheries. At least the money that was spent on Bell Island plugged up the holes in the roofs and put windows and doors and floors and sills in houses. What about the consulting engineering fees, the investigation in Burin and the \$3 million or

Mr. Neary.

\$4 million was stolen out of the Department of Fisheries. What has the former minister got to say about that?

MR. WELLS: Surely something which is now I understand the subject of an investigation, a police investigation, whether monies may or may not have been stolen from the Department of Fisheries, surely this is not fit subject or at least a relevant subject matter for this particular debate.

MR. CHAIRMAN: The Chair really does feel that this is not a matter which can be debated at this time.

MR. NEARY: So, Mr. Chairman, we do not know whether it is true or not because the minister has not given the House a statement.

MR. CHAIRMAN: Order, please!

The Chair has ruled that this matter cannot be debated at this time.

MR. NEARY: Thank you, Your Honour. I have no intention of debating it except to say, Your Honour, that we need full disclosure, Sir, before we pass the kind of a bill that is in front of Your Honour there, to increase the sales tax in this Province by 2 per cent. All of these matters have to be laid on the floor of this House, man-fashion. Then, Sir, we can decide whether or not after we make the cuts and after the government itself shows that it is sincere in cutting back and that it is sincere in cutting down on extravagance and waste, once that is proven, then we will decide whether or not we should vote in favour of a bill to increase taxes in this Province.

MR. SPEAKER: The hon. member for Trinity-Bay de Verde (Mr. F. Rowe).

MR. F. ROWE: Mr. Chairman, I think we made our position quite clear last Friday where we stand on this particular resolution. However, since that time a number of things have come to my attention which I would like to address to the House Leader who is presumably taking care of this resolution at the present time. The Minister of Finance last Friday indicated that this \$600 grant for the purchase of a new home, whether the home is already built or is being newly constructed, this \$600, the total allotment for that will be \$3 million, if I am correct, if the hon. the House Leader would confirm that amount. The

Mr. Rowe.

House Leader does not seem to hear me, Mr. Chairman.

I am trying to find out whether or not the total allotment for the \$600 for people who are purchasing or building a new home the total allotment as suggested by the Minister of Finance is \$3 million. The reason for asking this particular question, Sir, is this will supply approximately 5,000 people with a grant for the purchase or building of a new home if I am correct, 5,000. And what I would like to know from the House Leader is what is the approximate number of homeowners, if I can use that expression, or families who purchase or buy new homes each year in order that we may get some sort of a reasonable estimate of the accuracy of that \$3 million. Because, as I pointed out last Friday, in certain cases because of the increase of the sales tax on building materials it is quite possible that the sales tax will cancel out the amount of this \$600 allotted to homeowners.

Now, I realize that I used a very convenient figure of \$30,000 of materials into a home. That I would submit is probably an unrealistic figure throughout the Province. But to a certain degree the increase in the sales tax on building materials will cut into that \$600 grant. And I asked the minister if he would give consideration to removing the sales tax altogether on building materials and I did not get an answer from the Minister of -

AN HON. MEMBER: I can answer them.

MR. F. DOWE: Well, I have a number of question to ask, Sir -

MR. PECKFORD: I can handle the first one if you want me to.

MR. F. DOWE: Well, Mr. Chairman, I would be only too happy if somebody would answer the question when I ask it like I did the other day and I have two or three questions to ask now. If either hon. minister on the other side wants to answer the question when I sit down, fine. I am quite agreeable to that but I would like to pursue this line of thought if I could.

AN HON. MEMBER: You are not going far like that.

MR. F. ROWE: In a number of cases -

Mr. F. Rowe:

Mr. Chairman, either a person has the right to be heard without being interrupted or not in this House, and I understand a person can speak and not be interrupted.

MR. CHAIRMAN: Order, please! I think that we have to recognize that if an hon. member invites interruptions or questions, the Chair will allow a certain latitude there. On the other hand, if an hon. member insists on silence in the House that the Chair will certainly enforce that.

MR. F. ROWE: Thank you, Mr. Chairman. I would appreciate the questions as being answered after I get an opportunity to state the questions. We voiced our objection to the fact - one of the reasons why we are not supporting this particular resolution is that we feel that the increase in the sales tax on, well, material such as building materials will cut in significantly to the \$600 to the people who are buying new homes or constructing new homes. But what I am also trying to find out is an approximation of the number of people who do indeed buy homes during the run of any one year, because if it is significantly less than 5,000 people then this estimate of \$3 million is an exaggerated or inflated estimate. If the number of people buying new homes is considerably greater than 5,000 well obviously there is not just enough grants to go around, and I would like, you know, just to know where this \$600 fits in and if any hon. minister can answer that when I sit down I would certainly appreciate an answer.

The second point, Mr. Chairman, that I made on Friday I think requires some clarification just in case I am accused of not supporting the next resolution to come up. We also voiced objection to this increase in sales tax, this 25 per cent increase in the rate of sales tax, because we felt that it was a regressive and an inequitable tax because of the fact that it was based on a person's ability to pay. And I kind of suggested at that time that it would be fairer, more fair, to place that tax on something that is based on a person's ability to pay, something similar to the personal income tax. I just want to clarify the situation on that particular statement

Mr. Rowe:

right here and now, Mr. Chairman, and make it abundantly clear that that statement in no way indicates our support of the increase in the personal income tax which is going to be contained in the resolution next.

The other point that I would like to make in the way of a question, Mr. Chairman, is this, if you look at - I do not know, it has got no real title here, the table of contents in this booklet, the Mini Budget, the table of contents - you have the table of contents and then you go on to two tables, two or three or four or five tables where the Roman numerals numbers No. II the table entitled "Estimated Provincial and Federal Revenues: If hon. members could refer to that you would see that the corporate income tax estimated for 1975-1976 the corporate income tax, the revised estimates are down by some, approximately, \$2 million. The revised estimates for 1975-1976 for the corporate income tax, the revised estimates is a figure of \$19,300,000. The original estimates, \$21 million. Now, Sir, the reason I am asking this question is because, you know, what does this reflect? I was wondering if it was the economic situation? Or - well, I think the question has been answered, it has been caused by the strikes because although

MR. ROWE:

it has been mentioned that the corporate income tax in Newfoundland and Labrador is the highest of any Province in Canada.

MR. DOODY: That is right.

MR. ROWE: Has that been suggested? So I might add, Mr. Chairman, is the sales tax. Is it not?

MR. DOODY: Right.

MR. ROWE: Therefore, one wonders, Sir, why we did not have an increase in the corporate income tax for this Province as well as that for the- that is slapped on to the ordinary citizen of this Province. If we are going to treat everybody equally, or unfairly, we can at least treat them equally unfairly, if I can use that term of a phrase. So, Sir, if we are in such desperate straits, if the government is estimating a deficit of \$11.3 is it? \$11 million on current account, a deficit of \$11 million and we are headed for bankruptcy, as some hon. members have suggested, as well as socking it to the ordinary citizen of this Province in this regressive and unfair sales tax, why is it that we do not increase the corporate income tax in this Province?

MR. PECKFORD: We do not get much out of it.

MR. ROWE: Well, I do not know, Mr. - I am asking the question out of ignorance and idle curiosity.

AN HON. MEMBER: Speak for yourself.

MR. ROWE: Well, if the hon. member knew what ignorance meant and he was not so touchy he might get up and answer the question himself. Now, Mr. Chairman, I would like an answer to this particular question. Why sock it, sock a 25 per cent rate of increase on the sales tax to everybody across the board, the exemptions being meaningless, and not slap it on the corporate income tax of this Province. If the hon. House Leader or any minister can give a reasonable answer we will accept it. But so far we have not heard a reasonable answer to that question. Is it a reflection of the economy of this Province or is it solely caused by the strikes? And talking about strikes, Mr. Chairman, if hon. members

would refer to the same table of estimated provincial and federal revenues we see under the Newfoundland Liquor Commission only an increase of \$1 million.

MR. HICKMAN: Because of the strike.

MR. ROWE: Okay, the hon. Minister of Justice just answered the question that was not answered quite in the same manner several months ago. We got only \$1 million increase in the revised estimates for the Newfoundland Liquor Commission. Now, Sir, only \$1 million with an increase in the price of liquor in this Province just recently announced by the government, and you can always count on an annual increase in sales anyway. You get ordinarily under the best of circumstances, you get an increase in personal income tax, sales tax, Newfoundland Liquor Corporation taxes, if you will, gasoline tax, fuel tax, all taxes go up naturally each year. Now, we see here in spite of the raise on liquor prices recently announced by the government, in spite of this increase in liquor prices and in spite of the natural increase of revenue from the Newfoundland Liquor Commission we see a revised estimate of only \$1 million.

Now, the Minister of Justice gets off and says because of the strikes, because of the strikes. Now, Mr. Chairman, if the - Your Honour, you were not in the Chair during the last session when we asked hon. members opposite would it not be cheaper to give the Newfoundland Liquor Commission workers their increase, would it not be cheaper to give them their increase because more revenue was being lost because they were on strike and the lack of sale of liquor in this Province. We were told right in this Assembly, Sir, by the Minister - I do not know - the Minister of Finance, whoever has jurisdiction over Newfoundland Liquor Commission, we were told that

Mr. Rowe.

not one single cent was lost because of the strike, not a red copper. And we have the Minister of Justice today telling us that we can only expect a \$1 million increase in revenue through the Newfoundland Liquor Commission because of the strikes. Now, Sir, this may be a convenient answer for the minister this year, but why did we have the exact opposite answer from another minister last year? We want an answer from the government regarding that. If the minister can produce documentations, statistics to prove that - we just want proof. We want answers to questions, Mr. Chairman, before we vote on this particular resolution which is socking it to the average, ordinary Joe in this Province, and unfairly I submit, because it is not based on a person's ability to pay, when there are other sources of revenue in this Province that are not being tapped because of the mismanagement of this government.

Now, Sir, the same question can be asked with respect to mining tax and royalties. We see that that is down again this year and presumably because of strikes.

MR. WELLS: The mining companies, if the hon. member would permit, have had a difficult time, particularly with copper, because once the price of copper goes down around, say, \$.53 practically every copper mine in Canada is on the verge of closing, and the mines have had a very difficult time because of low world prices.

MR. F. ROWE: Mr. Chairman, I thank the minister for his answer, but these are the types of things that we would like to have answered at least we would come adrift, go adrift with the Norma and Gladys, but we got to look at other sources of revenues, and ask the reasonable, I submit, and legitimate question, you know, why do we have decreases in some other sources of revenue and why are not the rates of increases greater than we see here before us in the revised estimates. So, Sir, just to recap really what I have asked is - whichever minister would like to answer - is whether this \$3 million allotted for as the \$600 grants for new purchasers of homes is a realistic figure, you know, whether it is inflated or deflated - well, I do not know - too much or too little.

Mr. Rowe.

that is the best way of putting it, in terms of the numbers of people buying homes and that is not a criticism. It is a legitimate question. While we are on that particular subject, Mr. Chairman, I wonder if one of the hon. ministers could indicate to the House the amount of money or revenue that is generated through the sales tax on building materials throughout the Province? Now I should restate that, because what I want to do is chop it down to a specific question. How much extra money, how much extra money, will be generated as a result of the increase in the sales tax on building materials? Okay, I know it applies to other items as well. But how much extra money will be generated through the sale of building materials because of the increase in sales tax? I do not know whether an hon. minister opposite would have an answer to that question. But it might well be that the amount of money generated through the increase in sales tax on building materials may closely equalize that of the amount of money being allotted as the \$600 grant. So we are taking with one hand and giving it with the other.

AN HON. MEMBER: It might be more.

MR. F. ROWE: Well, it might be more. Well, it would be interesting, Mr. Chairman, to find the answer to that particular question. So that is the business on housing.

The corporate income tax, we firmly believe, Sir, that if we are going to give it to the average citizen, we should also give it to the corporations in these days of restraints and sort of emergency measures that are required in order to raise the barometer, so to speak, on our budget. If we are going to try to reduce the debt -

MR. SMALLWOOD: What would a surtax on the provincial corporate income tax bring in, a 10 per cent surcharge?

MR. F. ROWE: That would be a good question for an hon. minister to answer. I cannot answer the question myself, Mr. Chairman, but that is possible.

MR. F. MOORES: One million dollars a point.

MR. ROWE:

A million dollars a point. So it is something worth looking at, I would submit to the hon. House Leader because, Sir, as we can see from the national scene there is a terrible confrontation between the private sector, if you will—entrepreneurs, the businessmen, the capitalists—there is a terrible confrontation between that group of our society and the labour group. I submit that within our provincial jurisdiction that if we do not treat the corporations the same way in which we treat our people—labourers, white and blue coloured workers, if I can use that expression, the ordinary citizens of this Province—if we do not sock it to the corporations like we are socking it to the ordinary people of this Province, the government is inviting a confrontation between the ordinary citizens of this Province and private business, for the want of a better expression.

Now I may be all wet, Mr. Chairman, and I am willing to listen to argument on this, but we feel very strongly that government should consider, especially in view of the fact that they are basing their whole budget on a current account deficit in excess of \$11 million. If something was socked to the corporations, could that \$11 million be reduced to close to zero, probably not. Is the reason that the government has not touched the corporations, is it because there may be a danger of them pulling out altogether? We do not know the answers. We will be happy to hear from hon. ministers opposite. I think the minister has answered the one on the mining tax and the royalties. I made my point, I believe, on the Newfoundland and Labrador Liquor Commission. Getting two opposite answers within one year from two different ministers with respect to revenue from the Newfoundland Liquor Commission is an astounding thing coming from the government side and makes one wonder why we are in the mess we are today, Mr. Chairman.

So, Sir, I would appreciate and I would be happy to hear answers from any minister. Thank you.

MR. PECKFORD: Mr. Chairman, if I could take a minute just to try to reply

to the hon. member's question regarding housing and the hon. member's deduction that - where did we get the 5,000 housing starts or whatever for the Province to cover the \$3 million allocated in the budget for it. Well, this figure was not arrived at very lightly. Mr. Chairman, we have been for the last couple of months trying to come up with figures to indicate the projected housing start situation for the Province in 1976. We have, after consultation with CMHC and with the builders and looking across the Province at our own mortgage lending programme, speculating with some degree of certainty the amount of money we can expect through the new, enlarged AHOP Programme, the increased participation by the private sector in mortgage lending in 1976 as advocated by the hon. minister in Ottawa, plus the amount of money we anticipate for land assembly projects, the amount of money in section (15), National Housing Act for Entrepreneurial apartment buildings and other private operations, that 5,000 is a realistic figure for 1976.

So we have to conjecture and we have based it on evidence -

MR. ROWE: Is that starts or purchases?

MR. PECKFORD: That starts and any purchases or whatever -

MR. F. MOORES: New houses, starts.

MR. PECKFORD: Yes, right, right. That is the figure we have come up with, 5,000. That is based on, like I say, all the evidence that we could muster together.

On your other point concerning the increase in S.S.A. on building materials from 8 to 10 per cent, would that increase eliminate the home owner grant of \$600. The consumer is still better off under this arrangement because if you assume that the amount of money spent on building materials in a new home is \$15,000, which is all it is going to be in most cases in this Province, with some exceptions I agree, but generally speaking you are going to be in around \$15,000. The consumer will of course, if you multiply that by 2 per cent, still be better off in this arrangement than otherwise.

MR. ROWE: Not that much.

MR. PECKFORD: About \$300, would he not be?

MR. MORGAN: On a \$15,000 house, yes.

MR. PECKFORD: Yes. On a \$15,000 house, two per cent is \$300.

MR. SMALLWOOD: That is on materials only.

MR. PECKFORD: Right on material, right, just on material. Now in many places in the Province -

MR. SMALLWOOD: There is a clear gain.

MR. PECKFORD: Right, \$300, and he will get \$600 -

MR. SMALLWOOD: So he gains \$300.

MR. PECKFORD: As I just said, he gains about \$300.

MR. NEARY: That does not apply on labour.

MR. PECKFORD: Then, that is on materials. Mr. Chairman, anywhere in the Province outside of the major urban centres, you ask anybody, you can build a house today with materials totalling \$15,000. If we are talking about inflation and the rising tide of expectations and all the rest of it, if anybody wants to build a house that is going to cost him more than \$15,000, he is in over his head to start with, Mr. Chairman.

PREMIER MOORES: That is a \$30,000 house now.

MR. PECKFORD: At least, it is a \$30,000 house at least, if not more. As it applies chiefly, especially to our own mortgage lending programme or Rural Loans Programme and to others under AHOP and so on, you know it is a decent modern home if you spend \$15,000 on building materials, a decent modern home, comfortable, warm, delightfully -

PREMIER MOORES: 'Brien', the half you are talking about, the \$15,000 for materials, leaves out a great deal that is included in the \$30,000 total package.

MR. PECKFORD: Right. The reason why I am using the \$15,000, that is just the building materials and then the whole house cost would be the labour and the land and so on.

MR. SMALLWOOD: What about electrical and plumbing and so on? Is that included in the \$15,000? What is the tax on that?

MR. PECKFORD: For the materials for it, it would be. It would not be the labour of installing it.

MR. SMALLWOOD: Not the labour but the materials.

MR. PECKFORD: Yes. Right.

MR. SMALLWOOD: The bath tub and the wash basin.

MR. PECKFORD: That is everything. That is everything.

PREMIER MOORES: No appliances.

MR. PECKFORD: No. No. That is just to put -

MR. SMALLWOOD: The fixtures -

MR. PECKFORD: - the material, all the fixtures, right, that you need for a home.

MR. WELLS: Are there other specifications to be met?

MR. MORGAN: On the size of the home.

MR. PECKFORD: Then of course we also have incorporated into the programme the business that if you build a house over 1250 sq. feet, up to 1450 sq. feet, there is a reduction of \$2.50 per sq. foot. So that anybody who is wealthy enough, affluent enough to afford a large home should not receive the same amount of grant as somebody who is less well off and cannot afford the same large home, to give some equality in the system. It is not perfect but at least it is better than not having it.

MR. SMALLWOOD: The \$3 million will have to be borrowed by the Province. It is going to be capital account, not current.

MR. PECKFORD: It is current account.

MR. SMALLWOOD: Current?

MR. NEARY: What about the money you get from Ottawa, is that borrowed? Do you have to pay interest on that or -

MR. PECKFORD: What money now?

MR. NEARY: CMHC money for instance, St. John's -

MR. SMALLWOOD: St. John's does not borrow from Central Mortgage do they?

MR. NOLAN: Would the minister permit a question?

MR. PECKFORD: Not borrow, we back loans. Yes. Go ahead.

MR. NOLAN: In reference to your housing programme, not only yours but federal, provincial and so on - this is not a criticism of the minister - that is the number of various housing programmes that are now underway, federal and provincial, I suggest to you with respect, Mr. Chairman, that officials do not know what is existent so therefore it is, I am sure, many of the residents in Bonavista, and certainly in my district do not know, is

MR. NOLAN: It not possible to get under one roof, one booklet, something to tell people where and what it is and who to see?

AN HON. MEMBER: A good point.

MR. PECKFORD: Yes, Mr. Chairman. The only officials who know the housing programme in this Province right now are Newfoundland and Labrador Housing Corporation. They are the only one and I think I know them all as well. I think I know them fairly well right now. All the housing programmes, federal-provincial participation or any other such programmes that are in existence. And we have published from time to time, Mr. Chairman, just as a matter of record, over the winter in a number of local newspapers the various programmes and we took up a whole page, just about, of one supplement with nothing only housing and we did produce a booklet that we distributed to municipalities on the housing programmes and we also indicated in our news releases, in that supplement, all the programmes that were available and who to contact, this kind of thing. So that if anybody, our constituents or other organized groups were having any trouble it is quite easy to get all this information out.

MR. NEARY: Why do you not put housing under one head?

MR. CHAIRMAN: Order, please!

Mr. Chairman.

This matter is clearly irrelevant to the resolution before the House and I do not think hon. members should pursue this subject any longer. There probably will be other opportunities to do so.

Is the House ready for the question? Agreed? Agreed.

Does the resolution carry? All those in favour, "Aye".

All those against, "Nay".

We will have a counted vote.

All those in favour of the resolution please rise in their places. (Twenty-four).

All those against the resolution please rise in their places. (Thirteen)

On motion resolution carried.

On motion resolution reported without amendment.

RESOLUTION:

That it is expedient to bring in a measure further to amend the Income Tax Act, chapter 163 of the Revised Statutes of Newfoundland, 1970.

MR. CHAIRMAN: The hon. House Leader.

MR. WELLS: Mr. Chairman, the debate on the previous resolution was so far ranging that it of course dealt - many speakers dealt with this particular resolution which is now before the Committee. This is the resolution and the act that follows it to raise the income tax by 2 percentage points, one to increase the individual - as the explanatory note says - liability for tax by 1 per centum for the 1976 taxation year and by an additional 1 per centum for the 1977 and subsequent taxation years.

So, if one looks at the bill which will follow the resolution, Mr. Chairman, section 2, subsection (b) sets out the change which would - and reads 40 per centum in respect of the 1975 taxation year; 41 per centum in respect of the 1976 taxation and 42 per centum in respect of 1977 and subsequent taxation years.

The other part of the bill, Mr. Chairman, and resolution deals with withholding tax which is a federal matter entirely, but

Mr. Wells.

our act must be amended to coincide with and complement the federal act. There are some very complex provisions regarding the federal withholding tax, This is the tax on foreign residents who earn money, interest or otherwise in Canada , but it has no provincial - there is no provincial responsibility with regard to collecting that tax nor does it affect citizens of the Province but rather people who live outside the Province and who have income within the Province. The usual example I can think of is, say, a United States citizen who might have a sum of money invested in Newfoundland and be collecting interest on it. Well, the federal government takes fifteen per cent. It is called a withholding tax of that interest earned which must be remitted to the federal government on behalf of that citizen but it has nothing to do with tax collected by the Province as such.

So that this is a very, maybe far-reaching in its implications Mr. Chairman, but simple in its application. It is to raise the provincial share of the income tax by 2 percentage points.

MP. CHAIRMAN: The hon. member for LaPoile (Mr. Neary).

MP. NEARY: Mr. Chairman, it suffices to say, Sir, that all the arguments that I personally used in objecting to the bill that preceded this bill to increase the income tax, Sir, I

Mr. Neary:

could use all over again. But I have no intention, Sir, of delaying the House. I just want to say that I personally in behalf of the Independent Liberals in this Province, Sir, am going to vote against that bill for the same reason that I gave for voting against the other bill. The only thing that I want to re-emphasize, Sir, is that the message apparently has still not gotten through to the government that before they start socking it to the taxpayers of this Province they should start tightening up their own belt and eliminate all of the extravagance and waste that is in the budget that was brought in the Monday before last by the Minister of Finance. It will give me great pleasure, Sir, to vote against this particular bill.

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

MR. R. SIMMONS: Mr. Speaker, we would just like to get into the record as being just as opposed to this particular resolution as we were to the one that just passed over our opposition, and for substantially the same kinds of reasons that I stated on Friday and that have also been stated by a number of my colleagues on Friday and today, particularly my colleague, the member for Trinity-Bay de Verde. I shall be voting against the resolution, and it is my understanding that my colleagues in the official Opposition will be doing likewise for the reason as I say, the reasons that we have outlined in speaking in Committee to the previous resolution.

MR. CHAIRMAN: The hon. member for Exploits.

MR. S. MULROONEY: Mr. Chairman, I would like to state again that I am not in favour of the increase in the income tax, just as I was not in favour of the increase in the sales tax. I feel that it is the government who has brought this on this Province, and that they contend that it is necessary to balance their budget. And I contend that the budget was an excess of their monies they have due to fact that they did not evaluate the situation closely enough when they brought the budget down in the Spring. Any person with any degree of intelligence could follow the trend of inflation at that time,

Mr. Mulrooney:

and for the government to say now that the increase in taxes, in income tax is necessary to offset the budget is only fooling the people, trying to fool people. Mr. Chairman, in going against this tax I feel very strongly that the people of Newfoundland are paying for the blunders of the government, and receiving very little except a larger public debt which they already have, which is insurmountable, and that these extra taxes which we are going to pay now will not ease that burden. Mr. Chairman, we are going around with projects in this Province which could easily be curtailed. Put all of these projects together, Mr. Chairman, they add up to quite an amount, as the member for LaPoile (Mr. Neary) mentioned the Norma and Gladys. Mr. Chairman, I agree with good will for this Province - good will tours, but it is like the person who buys a Cadillac and cannot afford the gas to keep it running. We are affording something now we have not even got the money to keep our own economic running. Mr. Chairman, I am dead against this increase in income tax.

AN HON. MEMBER: Hear, hear!

MR. CHAIRMAN: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Chairman, we have in this small group voted against the increase in the sales tax for a number of reasons, one of them being that it is most positively and admittedly a regressive tax. It is the wrong kind of tax. It is a tax on consumption. It is a tax on the things you need to live. And it is unfair because it is an equal amount for everybody, the millionaire and pauper alike. But here is a tax, Sir, an income tax which economists throughout the world agree

Mr. Smallwood,

is the fairest tax that can be imposed, with one exception. That exception is a tax that we do not have in this Province, that they do not have as a main source of income in any province or very many, if any, countries, namely, a land tax. I do not mean just a tax on land, the famous land tax of Henry George. Next only to that the income tax is the fairest, because if you do not earn, you do not pay. It was a Rothschild who said years ago that no one ever went broke paying income tax. You do not pay it if you do not earn it.

Now if the government did not need it, I would vote against it. But I know that they need it. Perhaps I know it better than most hon. gentlemen on that side of the House, because I have my serious doubts that most hon. gentlemen over there realize, have any real realization, of what a serious financial bind this Province is in. I am sure that the public do not know.

MR. NEARY: The Minister of Mines and Energy probably knows it.

MR. SMALLWOOD: The Minister of Mines and Energy knows it better probably than any man living in Newfoundland today, because he has access to financial facts in the government to which I have not got access, for example. If I had access, I would understand them, but I have not got access, and he has, and more than any man, more than the Minister of Finance, I would say, probably more than the Premier himself, he realizes what a very serious, very serious - and I have been guarding my tongue in this matter. There are certain words I have sedulously avoided using. I do want to hurt this Province. I do not want to say anything that will be put on the wires, a very quotable sort of thing that it is possible to say. I have refrained from using such words. But falling short of those words, I say repeatedly that this Province is in a serious financial situation. Not insoluble, it can be solved, but it is going to require sacrifice, and this is a fair sacrifice to ask the people to make now. They may not think so, if they do not realize the seriousness of the Province's financial position for which the administration is largely to blame, but not entirely so.

Mr. Smallwood.

When they came in office, they found a public debt already contracted, before they came in. They found that, and they found twenty-three years of forging ahead, surging ahead, piling, meeting the rising expectations of the people. They found a population who had grown to be completely accustomed to getting ever more and ever better. Now they did not cause that. I had something to do with causing that and bringing that about for twenty-three years.

It was said of - Jack Pickersgill said of Louis St. Laurent that Louis St. Laurent governed Canada, he governed so easily and quietly and smoothly, almost anonymously that a feeling got around that there was nothing to it. Anybody could govern Canada. Well that, of course, is not true. And in the course of twenty-three years it became common belief in Newfoundland that ever better schools and ever more and ever more teachers and better paid and better trained, ever more hospitals, ever more clinics, ever more roads, ever more paving, ever more water and sewerage, ever more parks, ever more everything - for twenty-three years this was happening so that everybody, but everybody in Newfoundland took it for granted that that had to continue. And what could the present administration do when they came in office almost four years ago? Could they turn their back on that and say to the people, "Ho, ho! The honeymoon is over! You are not going to get this any more!" They could not do that. They had to continue the merry game and indeed they increased. They stepped it up, and they cannot very well in

MR. SMALLWOOD:

human nature, we are all human beings, they cannot very well be blamed for that. They can, I think, be blamed in the past year or more, blamed for not putting the peddle on, the brake on or for not lifting their feet a bit off the accelerator. They can be blamed, I think, for continuing to accelerate, even more in the past year than in the previous year or the previous three years. But that is useless talk now. That is no good. That does not get us anywhere. We can be tempted over here on this side to rub it in to them over there on that side, but that will not do Newfoundland any good. We have got to balance the budget. We have got to. We are not going to do it this year. We are going to end this year with a deficit of \$11 millions, I thank you, \$11 millions in one year. It is unbelievable. It is incredible that this small Province should end the year with a deficit of \$11,300,000, eleven and a quarter million. It is incredible.

Now we do not dare do it next year. The main way not to is retrenchment. But to put on a two percentage point increase in income tax is something in the nature of equality of sacrifice. The other is not. The 10 per cent is, now sales tax, that is not fair. It is not fair to the Newfoundland people. It is almost like the gentle dew of heaven. It falls on the just and the unjust, on everybody, those who can afford it and those who can afford it so well that they do not even notice it. Do you suppose the wife of some wealthy man whose income in Newfoundland is \$100,000, \$150,000, \$200,000 a year, do you suppose that the wife of a man who is worth a million, two, three, four, eight, ten millions, do you suppose his wife cares a teetotal damn about the fact that the sales tax has gone up 25 per cent, 8 to 10 per cent. No, they do not even notice it! That is why it is unfair. But an income tax is one of the fairest. The people have got to sacrifice, Mr. Chairman. They do not realize it yet. They will. They will realize it within the next year. The people of Newfoundland will realize that our public finances are in a bad way, partly because of inflation, partly because of this and partly because of that, for a variety of reasons

MR. SMALLWOOD:

our financial condition is bad and there must be sacrifices and this is one of them. That is why this little group here have decided that we will vote for this increase in income tax, though again I must not fail to say that we think the way to balance the budget is to take \$150 million, \$200 million off the expenditure, and do not tell me that it cannot be done! Do not tell me that it will mean sacrifice! I know it will mean sacrifice and I know that the sacrifice has got to come from the people. How do you suppose you are going to save a couple of hundred million dollars on next year's budget without severe and serious sacrifice from the people? And you might as well begin now telling the people to expect a really tough budget next Spring, because if this administration does not bring in a tough budget next Spring, then they are betraying this Province. They become thereby enemies to Newfoundland because the time to do it is now, not now this month or this Fall or this budget. The die is cast. You are going to end this year with \$11 million. Many a banker will raise his eyebrows at that. Many an investment dealer will say, "Ah, hum, ha, ha! Ha! Ha! Ha! Ha! Ha!". So that is the way it is shaping down there, ah." You do not dare have a deficit next year. The honeymoon is over for a while, I would say two years, three years. If I were Premier of this Province I would say, "Well, boys, let us ride out, let us get the bad business over now, the first year or two or three and then ride out our term right to the end, and the people of Newfoundland will say, well, that government have guts, that Premier has guts. He has got courage and he does love Newfoundland and he was willing to risk his job as Premier." Who knows, they might even re-elect him. They might. Maybe by then he will not want to be re-elected. I understand that he is not the kind of politician that certain other politicians I am too modest to mention were like.

MR. NEARY: They will be ready for you again, Sir, by that time.

MR. SMALLWOOD: Maybe, maybe, and

Mr. Smallwood.

if I am in good shape, if I continue to be in good shape, maybe, who knows what miracles will happen? Anyway that is just in passing. Make up your mind, Mr. Chairman, the sacrifice has got to be made. Anyway we are going to vote for this. We do not like it. Who likes taxes? Who? Who? Who? Who likes taxes? I will have to pay it. I do not like paying it. In a sense I cannot afford to pay it but I can darn well better afford to pay it with an income - and I am ashamed to say now what it is. It was precisely \$28,000 a year. That was my income until I became a member of this House. Then I lost nine thousand something hundred, my pension but I am getting more than that as a member of the House. I was making \$28,000. Now it is up, whatever it is, it is over \$30,000.

Well, I will pay 2 per cent extra or two percentage points extra income tax and I will do it. With my family grown up I am better able to do it than most breadwinners in Newfoundland, far better able to do it. But I do not think that they can expect to get away with it, not doing it. Remember my words a year from now, will you?

MR. CHAIRMAN: The hon. member for Trinity-Bay de Verde (Mr. F. Rowe).

MR. F. ROWE: Mr. Chairman, I have to speak to this as a result of the comments made by the hon. member for Twillingate (Mr. Smallwood). We do not like it either, Mr. Chairman, but we are going to vote against this particular resolution for the -

MR. CROSBIE: Well, well, well!

MR. F. ROWE: - reasons stated by - well, if the Minister of Mines and Energy is so surprised, Sir, he does not necessarily have to express it in the House.

MR. NEARY: His lips are sealed. He has not spoken in this debate since it started.

MR. CHAIRMAN: Order, please!

MR. F. ROWE: Now, Sir, here we go again. It is a funny thing. I do not know what kind of a look I got about me, Mr. Chairman. Why does this always happen when I get up to say a few words of wisdom?

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please! Order, please!

Mr. Chairman.

I think that due to the hour we should hear the hon. member in silence.

MR. F. ROWE: Thank you for your protection, Mr. Chairman.

I was about to say, Mr. Chairman, that we do not like it either and we do not like it to the extent that we are not going to vote for this particular resolution. The member for Twillingate (Mr. Smallwood) and his party, Sir, and the Opposition are in total agreement on one thing however. We agree, and we have stated this on the other resolution, that this is a fairer tax, the income. This is a fairer tax, a more equitable tax than the sales tax. There is no doubt about that whatsoever. But, Sir, there are a number of factors that you have to consider.

When does even a fairer formula become unfair? I suggest, Mr. Chairman, that it becomes unfair when the magnitude of the tax reaches a certain level. Now, I do not know exactly how our personal or provincial income tax, that aspect of it, compares with other provinces.

AN HON. MEMBER: It is the highest.

MR. F. ROWE: It is the highest?

MR. CROSBIE: It is not the highest.

MR. F. ROWE: Well, that is what I am asking.

MR. CROSBIE: Manitoba -

MR. F. ROWE: Second highest? Second highest in Canada. Sir, when the magnitude of even a fair tax becomes great enough it starts to approach the realm of being unfair. And add to that, Sir, the total aggregate of all other taxes, and what have you being imposed upon the people, the sales tax, property taxes, school taxes, municipal taxes and the increased cost of living, you just wonder where the people are going to get the money.

MR. CROSBIE: You wanted to put it up four points.

MR. F. ROWE: Now, Mr. Chairman, I did not say any such thing, Mr. Chairman. Did not say any such thing. Any reference to that was by way of a question. What would it do? It was a simple question.

Mr. Rowe.

It was not a suggestion. It was not a recommendation. Not stated policy on the part of this party or any other party. But, Sir, the question has to be asked, where does it all end when it comes to the cost of living in this Province? When you take the increase in sales tax and you take these various other taxes that I mentioned, the magnitude of this tax reaches the realm where it becomes unfair although the basic principle, the formula as contained in the income tax is for all intents and purposes a fair tax because it is based on a person's ability to pay.

But, Sir, I would like

MR. ROWE: to make one other very important point and that is that it is the middle income group and the average income group, let us call it that, it is the average income group that is going to be hit hardest by this tax because obviously the lower income groups have certain exemptions and their tax rate is not excessive, and the wealthy, that the member for Twillingate referred to, the wealthy Sir, and this is a very important consideration, the wealthy quite often have a battery of lawyers and a battery of accountants who studied the income tax regulations in law in order to find ways out for people making a lot of money. And by the time a wealthy - You would be quite surprised, Mr. Chairman, what the taxable income of so-called wealthy people is or are.

Quite often, Sir, our wealthy people have a very low taxable income. Why, do you say, Mr. Chairman? Because they can afford to hire a battery of lawyers, a battery of accountants in order to write off their taxes and to protect them against the income tax.

So, Sir, I go back to the original point I was making that we have to vote against this particular resolution. Number one because the income tax, although the formula is basically fair, when we start reaching a particular magnitude it becomes unfair, particularly when you take into consideration other taxes. And the other thing, Sir, is that the middle average income person who cannot afford a battery of lawyers or those in the lower income group or who have exemptions anyway, are going to be hit the hardest and these represent, Mr. Chairman, the greatest segment of our society. The rich are relatively small. The poor are reasonably small but the average represents, as it happens, the \$12,000, \$13,000, \$14,000, \$15,000, \$16,000, \$17,000, \$18,000, \$19,000, \$20,000 group, represent the great segment of our society and these are the ones who will be hit the hardest, federally and provincially.

Now, Sir, the member for Twillingate, Sir, says that we are -

MR. CROSBIE: The hon. statesman from Twillingate.

MR. ROWE: Boy oh boy, Mr. Chairman, if we just would reflect back three or four years and hear the hon. Minister of Mines and Energy

MR. ROWE: utter these, Sir, it is unbelievable that he has not choked on these very words. I cannot understand it, Sir. It is unbelievable. The hon. minister must have gone through a political menopause, Mr. Chairman, to utter that particular phrase. He was just incredible. I know my friend from Twillingate is equally as surprised as I am to hear that phrase. But, Sir, as usual the motive of the Minister of Mines and Energy is to throw me off balance, try to confuse me -

MR. SIMMONS: The first word he has said during the session. He is scared of the member for Twillingate.

MR. ROWE: I must say, Mr. Chairman, I know I am getting a little bit off track here now but I realize that the minister must be under very severe strain as a result of his recent trip to London and we are all awaiting the ministerial announcement that we should expect soon as a result of these discussions over on the other side. As a matter of fact I would say that his statement is overdue, Mr. Chairman.

Anyway to get back on the topic, Mr. Chairman.

MR. CHAIRMAN: I will agree with the hon. member.

MR. ROWE: The member for Twillingate suggests that he and his party are going to vote for this resolution because we are headed toward financial disaster.

MR. SMALLWOOD: No, I did not use the word disaster.

MR. ROWE: Well, I might not be quoting the member verbatim but I think that is the essence you know.

MR. SMALLWOOD: Grave difficulty.

MR. ROWE: Grave difficulty. Well, Mr. Chairman, I think that there is another way that you can get around it besides once again hitting the people of this Province because I do not quite subscribe to the theory that the rich are going to be the ones that are going to be hammered by this particular resolution, or this particular bill.

MR. NEARY: They are not.

MR. ROWE: I think that unfortunately we are going to hit the middle average income group a little too heavily. But, Sir, I would submit - you know, I know this may sound ridiculous, Mr. Chairman, but look this is the kind

Mr. Rowe:

of garbage that we have had to put up with over the past three or four years, the compliments of the hon. So and So, Minister of Tourism of Newfoundland. Now I do not know how many of these were put out, Sir, I got one for nothing. I did not pay for it. We had silver dollars and we had plaques -

MR. POWER: We had none of them.

MR. F. ROWE: And, Sir, we had old George McLean's films and advertisements paid by the people of this Province. My colleague, not colleague any longer, but when he was a colleague, but still a friend, the Independent Liberal down there, is an expert in reciting off the catalogue of waste perpetrated by this administration, Sir, why not cutback, Sir, on some of the executive assistants. This is the hon. crowd, Sir, who used to criticize the number of executive assistants that the former Premier (Mr. Smallwood) had. Now, Sir, we have got executive assistants all over the place.

MR. F. MOORES: You have them yourselves!

MR. F. ROWE: What is that?

MR. F. MOORES: You have them in the Opposition office.

MR. F. ROWE: Well, Sir, we got one miserable - we got one -

SOME HON. MEMBERS: Oh, oh!

MR. F. ROWE: Sir, we got one executive assistant. I will gladly - I will gladly, Sir, I will gladly compare the staff and the space and the executive assistants on a proportionate basis of the sixteen members in this party, Sir, with that of the government at any time at all.

SOME HON. MEMBERS: Oh, oh!

MR. F. ROWE: Now, Sir, I did not want to get on that particular subject of staff and space for reasons that the Premier must already realize.

SOME HON. MEMBERS: Oh, oh!

MR. F. ROWE: So we will not, Sir. But - Sir, is there anybody taking this seriously?

SOME HON. MEMBERS: Oh, oh!

MR. F. ROWE: Well there you go, Mr. Chairman.

MR. CHAIRMAN: Order, please!

MR. F. ROWE: There is an indication of the hon. crowd over there, the seriousness with which they view the situation this Province faces at the present time. Sir, I am saying that instead of hitting the people with the sales tax, which has already been disposed of, and increasing the magnitude or the size of the personal income tax that surely there are other areas that the Province can look at, and I am suggesting waste, the waste expenditures committed by this administration, and I started to list off a few. Sir, can we cutback on the money expended by Newfoundland Information Services? Can we cutback on the number of executive assistants and special assistants? Can we cutback on the use of the government aircraft? I do not know. But can we? It has been demonstrated here today, Sir, the Norma and Gladys -

MR. CROSBIE: How can we? The government aircraft is grounded at St. Anthony with the Leader of the Opposition!

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: Order, please!

MR. F. ROWE: Sir, I hope that is a joke and not a fact.

AN HON. MEMBER: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. F. ROWE: Now, Mr. Chairman, to get back to the realm of reality. I asked the House Leader to give serious consideration, get some of these civil servants in their various offices to draft a list of what they consider to be non-essential expenditures in their departments, non-essential expenditures, and I am not talking about public services in this Province. I am talking about the kind of things that I just mentioned that by themselves will not add up to very much but you take the aggregate, you take the total of all of these things and I would submit, Mr. Chairman, that you would get a considerable saving to this Province. Now as always, Sir, in trying to make a point you have to use a few examples that a few people get a laugh out of. But I seriously submit, Mr. Chairman, that if the government took

Mr. F. Rowe:

a very serious look at expenditures within their various departments that they can dig up an awful lot of waste in this current year for the next year. Next year is more important. And if they take the total of that waste, some examples of which I have given, if you take the total that you would be talk about a significant saving and you may not find it necessary to impose this additional burden via an increase in the personal income tax in our Province.

So, Sir, whilst we agree that the income tax is a fairer tax than the sales tax we cannot in all conscience, Sir, vote for this resolution because of the extra burden that it imposes on our people.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: Is it the Committee ready for the question?

Is it your pleasure to adopt the said resolution?

Those in favour "aye", those against "no."

SOME HON. MEMBERS: Just a minute now. What about the "nays"

MR. F. B. ROWE: On a point of order, Mr. Chairman. I do not think the "nays" were called.

MR. CHAIRMAN: The "nays" were called.

MR. F. B. ROWE: Can we have a division, Mr. Speaker?

SOME HON. MEMBERS: Divide.

MR. CHAIRMAN: All those in favour of the resolution stand in their place. (28 in favour).

All those against the resolution stand in their place.
(14 against).

On motion resolution reported without amendments.

Motion that the Committee rise and report having passed certain resolutions and ask leave to sit again, carried. Mr. Speaker returned to the Chair.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole reports having considered the matters to them referred, having passed certain resolutions namely, motion 1 and motion 2, and recommends that bills be introduced to give effect to the same and ask leave to sit again.

On motion report received and adopted.

On motion resolutions read a first and second time.

On motion a bill, "An Act Further To Amend The Retail Sales Act, 1972," (No. 3) read a first time and second time, ordered referred to a Committee of the Whole House now by leave.

On motion a bill, "An Act Further To Amend The Income Tax Act," (No. 4) read a first and second time ordered referred to a Committee of the Whole House now by leave.

Motion that the Committee resolve itself into a Committee of the Whole House to consider said bills, Mr. Speaker left the Chair.

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: Order!

A bill, "An Act Further To Amend The Retail Sales Act, 1972." (No.3).

On motion clauses 1 through 11, carried.

A bill, "An Act Further To Amend The Income Tax Act." (No. 4).

On motion clauses 1 through 5, carried.

Motion, that the Committee report having passed the bills without amendment, carried.

MR. WELLS: I might say, Mr. Chairman I hope by agreement of my colleagues, although it is now 6 o'clock, that we can sail it 6 o'clock even though in a minute it will be two or three minutes past by the time we deal with this business.

MR. MURPHY: Stop the clock.

MR. WELLS: Stop the clock.

On motion that the Committee rise and report having passed said bills without amendment Mr. Speaker returned to the Chair.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole report having considered the matters to them referred and have passed certain bills namely, No. 3 and No. 4 without amendments and ask leave to sit again.

On motion report received and adopted.

On motion a bill, "An Act Further To Amend The Retail Sales Tax Act, 1972," (No. 3) and a bill, "An Act Further To Amend The Income Tax Act," (No. 4) read a third time ordered passed and their title be as on the Order Paper.

On motion the House at its rising adjourned until tomorrow Tuesday, December 9, 1975 at 3:00 p.m.

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