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**VERBATIM REPORT**

TUESDAY, JUNE 8, 1976

SPEAKER; THE HONOURABLE GERALD RYAN OTTENHEIMER

The House met at 2.00 P.M.

Mr. Speaker in the chair.

MR. SPEAKER Order, please!

STATEMENTS BY MINISTERS

MR. SPEAKER Hon. Minister of Tourism.

MR. T.V. HICKEY Mr. Speaker, I wish to inform the House that after review of all submissions made with reference to the white paper on snowmobiles and all-terrain vehicle legislation, government has adopted a set of regulations which will come in force as soon as they receive the final legal drafting and gazetting. These regulations cover the following points: All snowmobiles and all-terrain vehicles must be registered. Registration fees are as follows: Motorized snow vehicle, \$5.00, which shall be valid for the life of the vehicle. Motorized two-wheel trail bike, \$5.00, which shall be valid for the life of the vehicle. Motorized all-terrain vehicle, \$20.00 annually. Change of ownership of a vehicle requires a transfer of registration. This transfer shall cost \$3.00.

No person shall operate a vehicle between sunset and sunrise unless such vehicle is equipped and there is effective operation adequate head lights, tail lamps as well as amber reflectors on the front of the vehicle, red reflectors at the rear, and an adequate braking system. A person may drive a vehicle across a highway only at such points where the operator has not less than a hundred yards visibility in both directions along the highway. A person may drive a vehicle along a highway, only when by reason of storm or blizzard the road is incapable of being used by motor vehicles.

No person under the age of thirteen years shall drive a vehicle unless the operator is under the supervision of a person nineteen years of age or over. Every vehicle shall be equipped with a noise muffler or noise reducing equipment which shall be kept in good working condition. No person shall operate a vehicle in such a manner as to constitute a danger to other operators or to other individuals engaged in other outdoor recreational pursuits. No person shall operate any all-terrain vehicle except under the authority of a permit issued by the Minister or a person authorized by the Minister. No person shall

MR. T.V. HICKEY

operate any vehicle in a area designated by the Lieutenant-Governor in council as a restricted area without a permit issued by the Minister or person authorized.

These regulations shall not apply in Labrador, except for the following communities: Labrador City, Wabush, Churchill Falls, Goose Bay, Happy Valley and North West River. These regulations shall be enforced by the Newfoundland Constabulary, The Royal Canadian Mounted Police, the Forest Rangers and Game Wardens.

I should point out that the white paper, generated considerable comment in the areas of insurance, safety, helmets, safety equipment generally and controlled areas. With reference to these particular points I wish to state that the insurance will be at the discretion of the owner, as well as the use of helmets or other safety equipment. I feel that the provisions of restricted areas will afford the protection necessary to safeguard our environment and will eliminate the necessity of controlled areas.

I wish also to inform the House that special provision has been given to allow municipalites to enact their own regulations. The Motorized Snowmobile And All Terrain Vehicles Act is being amended to allow for this, if that is necessary, Mr. Speaker, I am not quite sure that an amendment is required yet, it is being looked into by the Dept. of Justice. A pamphlet will be prepared and distributed in the very near future, which will contain the regulations and other information related to The Motorized Snowmobile And All-Terrain Vehicles Act.

Although this pamphlet will undoubtedly answer many of the questions posed by the general public, I solicit the help of all hon. members of this House in acquainting their constituents with the full meaning, intent, and effect of this significant legislation to ensure that all our people are adequately informed. In this connection, Mr. Speaker, a copy of the regulations, in addition to a copy of the act under which the regulations are made, is being distributed to each hon member.

MR. NEARY There are controlling areas-

MR. T.V. HICKEY No controlled areas, there are restricted. There are two restricted areas in the province so far -two: The Avalon Wilderness Area and the Central Wilderness Area.

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

MR. ROWE Mr. Chairman, commenting on the Ministerial statement, he listed off a great number of regulations or points in the statement and I really have not had time to put my thoughts together on it. However I would like to point out that any regulations that are brought into this province that have as its main requirement the safety of the individuals running these particular machines and the people in various communities, and takes into consideration the protection of the environment and the wildlife in this province, have to be accepted and have to be supported by all members of this House. I do not know how far the regulations will go in protecting individual operators of these snowmobiles and the public at large, and private property and crown property and the wildlife of this province.

I sincerely hope that the regulations will go a long way in doing all of these particular things. The Minister mentioned in particular that these snowmobiles will be registered for a certain fee and he gave different fees for different types of vehicles. All-terrain vehicles, I believe he mentioned, were something like \$20.00 as compared to a snowmobile which is \$5.00. The only comment that I got on that Sir, is that - the registration fee is for the life of the vehicle, is it, not for renewal each year?

MR. HICKEY Snowmobiles?

MR. ROWE Yes.

MR. HICKEY Snowmobiles, right. Except all-terrain vehicles, \$20.00 annually.

MR. ROWE Yes, but the snowmobile is a \$5.00 registration for the life of the vehicle. Well, Sir, I am glad it is for the life of the vehicle, because for people who are living in the northern parts of Newfoundland in particular, they depend on the snowmobile as we do



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MR. ROWE

for a car, and we are basically paying vehicle registration fees and licenses, we course to help maintain our highways and this sort of thing, and there is nothing to maintain for

Mr. Rowe.

the transport and movement of snowmobiles. So this should not be too much of a hardship. The minister also mentioned the safety regulations that he wishes to impose with respect to the operation of snowmobiles after sunset and before sunrise which I think we have to agree with. I am not so sure, Sir, about this business of the age limit of thirteen years of age and over. Now the reason I would like to mention that is because a lot of people, whether they are using the snowmobile for recreational purposes or because they need it the same way as people would need a motor bike, a motorcycle or two wheel bike or car, the fact of the matter is that there are very responsible ten, eleven and twelve year olds, for example -

MR. NEARY: You better be careful your colleague there does not -

MR. ROWE: Mr. Speaker, the hon. member for LaPoile is most anxious to jump on anything that he sees might be a slight difference of opinion between any two members in this House. Now, Sir, I am going to speak my own mind whether the member for LaPoile (Mr. Neary) or the Leader of the Opposition likes it or does not like it. And if the caucus does not like what I am saying, I will be given the same treatment as the member for St. John's East and the member for St. John's North in due course. Now I am raising a legitimate question -

SOME HON. MEMBERS: Oh, oh!

MR. ROWE: Could I have order, please, Mr. Speaker. I am trying to raise a point and I am serious about it, and I am sincere about it. The point that I was making was this, is that there are some very irresponsible seventeen, eighteen, twenty-one year olds and indeed thirty and forty year olds, irresponsible. I have seen them operating snowmobiles in a way which is very dangerous to themselves and private property and any people who may be in the vicinity. As far as some of the communities that depend on snowmobiles are concerned, I have seen youngsters driving these machines with the greatest of skill and with the greatest of

Mr. Rowe.

responsibility. And I have seen families go on family outings, under the supervision of their parents, and with the kids driving these snowmobiles and doing it very responsibly. So I just question about this thirteen year age limit. I just raise the question, and I know it has got to be tried, it could be modified, the regulations can be modified next year or any other year, but I just raise this particular question.

I was going to commend the minister for his comments on reckless behaviour and the restricted areas. Now the restricted area business will be outlined in the regulations, I assume. And the minister suggested that it will not apply to Labrador. Now there are two points that I would like to make in respect to that, Mr. Speaker. Number one, there are places on the Island where people need to use snowmobiles, and I can think specifically, with my own experience, of the Great Northern Peninsula. Now I am not that familiar with other areas of the Province, but I am sure there are even a few places in Central Newfoundland and Southern Newfoundland and all over the Province where people in the Winter depend upon snowmobiles. And I think the minister should look very carefully at making exceptions for certain areas of the Island part of our Province.

Now the minister mentioned Labrador City, Wabush, Goose Bay, Churchill Falls, I believe, Happy Valley and North West River. North West River I would question, having that as a restricted area, because unless things have changed drastically in the last few years I think North West River is one area where they certainly need to use snowmobiles. The little community of North West River itself, the Indian side of the community, and the white man's side and the Eskimo part of the community, I am sure they need to use snowmobiles in these particular areas. I am glad to see that a pamphlet will be prepared.

MR. ROWE:

And the rest of the notes, Sir, that I got here I cannot pick out. Oh, yes. Did the minister say that the use of head gear, helmets will be left to the discretion of the owner? Well is it not compulsory for an owner of a motorcycle to use head gear?

MR. RIDEOUT: Yes.

MR. ROWE: I think it is. And my own feeling - we have not discussed this in caucus, this is the first time I have heard of it.- but my own feeling is that it should be compulsory to wear helmets when you are on a ski-doo.

MR. NOLAN: In Labrador you were freeze to death.

MR. ROWE: In Labrador you would have to put on the wool mask, of course, and the helmet besides probably.

MR. MURPHY: They dress for the weather up there.

MR. ROWE: Yes, I know. No regulations, Mr. Speaker, can be perfect. But I commend the minister for the good points that he has spoken to in this ministerial statement.

SOME HON. MEMBERS: Hear, hear!

MR. ROWE: And I have not criticized the minister for anything. I simply raised a few questions which I assume that he will take under consideration, and I do not know when the minister suggested this would be gazetted and in fact put into real force. Probably at some time he could indicate to the House when this would be enforced, because the regulations have to be made up and have to be gazetted. I commend the minister, Sir.

MR. SPEAKER: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Speaker, nobody can question the right of the minister to draft regulations, because the House gave him that authority when it passed the act. The act, as is usually the case, so in this case the act itself gave the minister the right to make regulations in conformity with the act. The regulations cannot contravene the act. The act gives the authority. However, no opportunity

Mr. Smallwood.

has been given the House whatsoever to debate these new regulations. When the House meets in the next session, in the Fall or in the coming Winter or Spring, within ten days of the House's meeting the minister must table the regulations, and then there will be an opportunity for the House to debate the regulations in the debate on the Address in Reply to the Speech from the Throne. And there would be still other—even on the budget, it would be possible to debate these regulations. But for the remainder of this session, unless someone wishes to go to the trouble to introduce a resolution on them, there will not be an opportunity to debate them. The minister does not expect that the House, merely hearing him read a prepared statement, and then having a few moments to look at the actual draft regulations, the House to be ready to debate them. So that these regulations will come in undebated.

Now there is no comparison in the minister's statement, no comparison made by him with the regulations that he now proposes and the White Paper. He does not make the comparison. He does not compare the proposals of the White Paper with the proposals in the new draft regulations, nor does he compare the draft regulations he has just given us with the objections that have been made in various parts of the Province. It would have been a very useful thing if he had in his statement today dealt with the principal objections that had been made throughout the Province by responsible individuals and responsible groups, compared their objections with the regulations; what, if anything, he is doing in these regulations to meet any objections that had been made. He did not do that. We do not know at the moment whether the regulations do in fact meet the legitimate and sensible objections that have been made by groups and organizations and responsible individuals throughout the Province. We do not know whether these objections have been met.

MR. NEARY: They have backed off -

MR. SMALLWOOD: Well, we do not know. If anyone remembers vividly what those objections were, and listened intently to the minister's

MR. SMALLWOOD:

statement, then such an hon. member might see whether the minister, and the government in general, had backed off. Then again if any hon. member remembered vividly the points that were in the White Paper, and listened intently to the minister's statement today, he would know whether the statement today of the proposed or the draft regulations are in conformity or out of conformity with the White Paper. It is rather a pity. The regulations will now come into effect, because the minister

MR. SMALLWOOD

having read them to the House, they will be gazetted. Presumably they have passed cabinet or the Minister would not have been able to introduce them to the House. Having passed cabinet, they will be gazetted and they will become law. And it will not be till next spring, when we are debating the Address in Reply to the Speech from the Throne, we will be able to debate these regulations.

But by then the Minister may or may not be thoroughly sick of them, depending on how well they work, depending on the successful, smooth operation of these regulations. I hope they do work smoothly because ski-dooing, or snowmobiling has become an occupation in Newfoundland of absolutely staggering proportions. There must be anything between ten and twenty thousand ski-dooes in Newfoundland at this moment. And a great many of them are used for work in place of dogs. And a great many, even a larger number, are used for straight recreation. And the recreational people, the people who use them for recreation are by far the most vocal. They are the people who will be heard from, much more than from those who use them as a sort of work horse or a sort of work dog.

So next spring we will see what will have happened. Now I myself have been the victim of a barrage of propoganda by Ski-doo operators. I have two sons, each with a ski-doo, I have about five grand-sons, each with a ski-doo, and I have all kinds of other relatives and they go scouring around the country. And they are immensely and intensely concerned. And the Minister knows that they are only a dozen or so of thousands of Newfoundlanders who will be down his neck if these regulations do not please them.

I do not know, I gathered there, as I listened intensely, I gathered that you got to be within a hundred feet of a highway on a ski-doo. That sounds like utter insanity to me. It sounds like insanity, that the thousands of people with ski-dooes must never go more than a hundred feet away from the highway. That cannot be true.

MR. RIDEOUT: Is that in the regulations?

SOME HON. MEMBER: No.

MR. SMALLWOOD Well it sounded like it. That is the trouble, you see. All we know is, we read the white paper, we heard the Minister

MR. SMALLWOOD

now. We do not know how the proposed regulations compare with the white paper. We do not know how the proposed regulations meet the objections that have been made. I hope the Minister is not joking about this one hundred feet away from the highways.

However, about one thing I am quite sure, the Minister being himself a very level-headed, honourable gentlemen, very level headed, very sensible, feet on the ground, and with various appeals to the public coming up from time to time, will be most eager not to offend, and will be most eager to try to please the largest possible number. And my guess must be that the regulations may be better than they sound.

MR. SPEAKER The hon. Minister of Tourism.

MR. HICKEY Mr. Speaker, I should respond to a couple of points for fear the wrong message would get out with regards to the regulations. The statement indicated that a person crossing the highway had to have visibility of a hundred feet or a hundred yards, I am not quite sure at the moment, in both directions. The statement did not indicate that you have to be a hundred feet or a hundred yards away from a highway, as you drove along parallel with it. The previous regulation was that you had to cross in a straight line and that you had to sort of walk the vehicle across and so on. My hon. friend the member for Trinity-Bay de Verde, raised a couple of points, Mr. Speaker, and one was in connection with Labrador. I want to say to him that the regulations do not apply at all to the Northern section. In other words, they do not apply to people who use the vehicle as a means of livelihood, as a means of transportation, use it for hauling wood, as a means of livelihood or keeping themselves warm and so on.

MR. NOLAN In Labrador?

MR. HICKEY We are very much aware of the fact that there are possibly a few communities on the Island we are well aware of this; I did not include anything, Mr. Speaker, in the regulations, because it requires some investigating. One cannot just pick communities out of the air, or of the map and just list them as those regulations not applying.



MR. HICKLY

And so I want to say to my hon. friend, indeed to all hon. members, that if there are communities and if they know of communities where there is a case to be made, for this kind of situation, then we would be delighted to hear from them and we would gladly include them in our investigation of a few communities that we will be investigating anyway. And we will be delighted to include them to determine if indeed the situation there warrants them being exempted from those regulations.

With regards to the North West River area I agree with my hon. friend. Some numbers of citizens in that area are using ski-doo's for purposes other than recreation. However in this connection, again the matter is open for discussion. We are flexible, we had to include the North West River, with regards to the regulations, just because it is an area where a great deal of ski-dooing is done, purely from a recreational point of view. The hon. members will note that the main thrust of those regulations is for safety, for protection of private property, personal property, in terms of the individuals themselves as well as the environment. I certainly cannot agree with my hon. friend from Le Poile when he says we backed away. We have not backed away. The hon. member from Twillingate, who indicates that there was no comparison made of the white paper with the regulations, well the main point in the white paper and the main point of the regulations are contained in the statement today, but not all of them, if would have been a very long statement if one was to cover every item and to make comparison.

I want to say to my hon. friend from Twillingate as well that those regulations surely must reflect the thinking of the people who made the numerous recommendations and suggestions on the white paper. For that indeed Mr. Speaker was the purpose of the white paper, to allow the general public to have input, and it must be the finest example of the democratic process that has been seen in this province. And I am certainly proud to be associated with that effort I am not saying, Mr. Speaker, that the regulations are final and forever, I am simply saying that here is a compromise to the white paper. We have compromised, it

MR. HICKEY

was never our intent to enforce the kind of suggestions and regulations that were contained in the white paper. This was a working paper, as I have indicated so many times, and it is my view that this is a good indication of what the public are prepared to have, what they are prepared to follow and indeed those are the kind of regulations, Mr. Speaker, I think that should be made. Because to make other types of regulations which the public cannot live with, they would break them anyway.

MR. SPEAKER Order please! Strictly speaking on the ministerial statements, after hon. members have spoken for various groups, have made their comments, then we should move on. And I am inclined to think that we should stick with that. Obviously under Oral Questions there would be an opportunity for questions on it.

PRESENTING PETITIONS

MR. SPEAKER The hon. member for Bellevue.

MR. CALLAN Mr. Speaker, I beg leave to present a petition on behalf of 102 voters of the community of Thornlea or Thornlea, whichever way you want to pronounce it. A few days ago Mr. Speaker I presented a petition on behalf of the residence of the community of Bellevue. Bellevue is located about half a mile from Thornlea. And this petition that I am presenting today is requesting the same thing, really, that the petition was asking for from the people of Bellevue.

It says;

MR. CALLAN: "We the undersigned people of Thornlea wish to have the section of road from the TCH to Bellevue paved." You notice, Mr. Speaker, that the residents are from Thornlea. However, they are asking that the section of road from the Trans-Canada Highway to Bellevue be paved. The road from the top of the Fair Haven Road, that is the TCH, to the Bellevue Provincial Park is now being paved and it says, "We would like this other section paved while the paving equipment is in this area."

As I said, Mr. Speaker, there are 102 signatures actually, counting my own, on this petition from the residents of Thornlea and they are asking for the same section of highway to be paved as were the residents of the community of Bellevue.

Mr. Speaker, it probably might be irrelevant but perhaps the government might be interested in knowing that the community of Bellevue, after which the district takes its name, that community in last Fall's election went predominantly PC as far as the votes are concerned; sixty-nine PC votes came out of that community and fifty-four, I think, between myself and the Liberal candidate, and I am sure, as I say, that does not matter because I am sure that the government does not do things for political reasons. They are fair and impartial and what have you.

But, Mr. Speaker, I think this is a fair and reasonable request. To my knowledge there will be not one inch of new pavement going in the district of Bellevue this year, except of course for what is going in now, the 1.6 miles which is a contract left over from last year, last Spring, last Summer, last Fall.

So, Mr. Speaker, I thoroughly support the prayer of this petition and I hope that a long look will be taken at this with the possibility of getting this stretch—as I said, I would imagine it is more than a mile or a mile and a half, and here we have now nearly 300 people asking that that stretch of road be paved. And I am sure that there are hundreds of others who would like to see it

MR. CALLAN: done because there is a gap there, a gap between communities and a gap between the Trans-Canada Highway and these two or three communities.

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

MR. SPEAKER: The hon. member for LaPoile. Before the hon. member speaks I will draw to the attention of hon. members and welcome to the galleries on their behalf Mr. Garland Vardy, who is Chairman of the Local Improvement District of Mount Moriah in Bay of Islands.

SOME HON. MEMBERS: Hear! Hear!

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, it gives me great pleasure to support the petition presented by the member from Bellevue (Mr. Callan) on behalf of 102 of his constituents who reside in the community of Thornlea.

I could not help, Sir, but being impressed with the sincerity of the hon. gentleman in presenting the petition, and I do not think the hon. member was being naive or gullable at all when the hon. gentleman stated that he felt certain that road paving and the like, the decisions on what areas would be paved, were not made along partisan political lines. I think the hon. gentleman was quite sincere, Sir, and pointed out that in that particular part of his district the people voted Tory in the last provincial election.

But if it is true, Sir, then we certainly have a new doctrine and a new philosophy developing in Newfoundland and probably now we are seeing a turn for the better, that we are not going to follow the practice of the past, that governments in the future will make decisions based on the merits of whether or not the project, whether or not the job, whether or not the road paving, in this case, should be done, and that decisions in future, as

MR. NEARY: indicated by my hon. friend, will not be made along political lines. The decisions will not be made on a political basis only. They will be made on the basis of the need. In this particular case it is having that piece of road paved down as far as the community of Bellevue in my hon. friend's district.

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

MR. J. WINSOR: I take pleasure in supporting the petition as presented by the hon. member for Bellevue (Mr. Callan), in view of the fact that paving equipment is in that area and paving is going on there at a very short distance to Thornlea. I am quite sure the minister would only be too glad to arrange that, and I am quite sure also that the fact that there are a large number of PC votes there will not make a bit of difference to him.

I therefore have much pleasure in supporting the petition.

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

MR. NOLAN: With your permission, Mr. Speaker, I would like to present this petition on behalf of my colleague, the member for Eagle River (Mr. Strachan), and it is a petition that the people have asked us to submit. It is from Cape Charles in Labrador and it is a request that the government please take immediate action in having electric power installed in Cape Charles and they request that the power be installed during the Summer or Fall of this year of 1976. and this petition, as a matter of fact, was forwarded to us by Mr. Gerald Pye, of Cape Charles on the Labrador. It is signed by approximately seventy to seventy-five people. And it is difficult for many of us to appreciate the fact that there are still, in spite of the fact that we have talked about the great number of communities that have been electrified throughout the Province in the last twenty years or so, and quite a

MR. NOLAN: bit has been done, there is no question about that. But nevertheless it is a fact that there are some of our fellow citizens, take the case of Cape Charles, as an example, in Labrador where people are still going without any kind of electric power.

So it would be appreciated if those concerned would take heed of the plea of this petition which I present today on behalf of the member of the House of Assembly for Eagle River and of course the people who presented it, and I would like to table it now in the hope that it will be presented to the department to which it relates. Thank you.

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

MR. PECKFORD: Mr. Speaker, I would like to support the petition as presented by the hon. member for Conception Bay South (Mr. Nolan) in the absence of the hon. member for Eagle River (Mr. Strachan).

I am very familiar with Cape Charles because I spent some time in that area in two or three different years as a welfare officer on the Labrador Coast.

I think the reason why Cape Charles has not as yet been given electricity-or supplied with electricity rather than the phraseology 'given'-is that Cape Charles is not a permanent community unless it has become so in the last five or six years. Cape Charles is a Summer settlement for the fishermen who reside in the Wintertime in Lodge Bay and I would say that this is one of the peculiar circumstances that is not all just characteristic of Cape Charles but is also of a lot of places along the Southern Labrador Coast; there is Cape Charles, there is Maddox Cove, near Battle Harbour, there is Tub Harbour and Snug Harbour down near Charlottetown, only they are out on the headlands.

AN HON. MEMBER: Snug Harbour is now permanent.

MR. PECKFORD: Snug Harbour is now permanent because there are one or two families there.

MR. NEARY: I was there.

MR. PECKFORD: Yes, I have been there. I think there have been one or two families there for quite a few years living permanently.

Square Islands where they used to reside just for the summertime and go into Charlottetown in the winter, but there might be some permanent people in Square Islands as well. But the particular problem with Cape Charles is simply that it is extremely difficult to provide electricity there unless they do it through, well they would have to do it through diesel, I would think. But it has only been temporary and unless it is changed in recent years they go back again in September or October, I guess October, to Lodge Bay for the wintertime. But the point about Cape Charles is this, is that they are a very independent lot and just about all of them have the surname Pye in Lodge Bay or Cape Charles and the majority of the people are extremely hard working as the hon. member perhaps from Fogo (Capt. Winsor) can vouch as good or better than I can. I remember in the years that I visited Cape Charles, it was just after about fifteen or sixteen successful fishing voyages in a row, and many of the people of Cape Charles were very well to do. There were some pretty wealthy fishermen over the years.

MR. PECKFORD:

I think old Skipper Ken Pye, who is now passed away, was one of those people that I stayed with in Cape Charles. But they are a very independant lot and I think if that kind of a facility can be provided at a decent and reasonable cost that government should take a good hard look at it to see what they can do to assist a very independant people on the Southern Labrador Coast.

AN HON. MEMBER: Hear, hear!

MR. SPEAKER: The hon. member for Fogo.

CAPT. WINSOR: Mr. Speaker, I rise to support the petition presented by my colleague on behalf of the member for Eagle River (Mr. Strachan), and I certainly agree with what the hon. minister has said. You know, Mr. Speaker, it surprised me that the minister's knowledge is so well versed in that particular part of the Province. But what he says is perfectly correct. The people of Cape Charles are very industrious and hard working fishermen.

MR. PECKFORD: Right.

CAPT. WINSOR: And they have been, all down through the years. I have known the area for more years than I care to relate right now. But surely, Mr. Speaker, if that is so, and it is so, then those are the people that the government should go out of their way to provide those facilities to. They are the producers. They are the people who create the new dollars that are so badly needed in our Province.

AN HON. MEMBER: Just as many as you want.

CAPT. WINSOR: Yet they have to be deprived of a simple thing as a power generator to supply electricity, you know, to their homes for their daily tasks and especially now in the fishing season.

AN HON. MEMBER: That is right.

CAPT. WINSOR: I would presume that the fishermen of Cape Charles are using the old cod-liver oil torch to split their fish. It is almost unbelievable when you have an area where the people are producing and yet they are treated in this way. Mr. Speaker, I certainly appeal to the government to give this petition every



CAPT. WINSOP:

sympathetic consideration and in the name of conscience provide some kind of electrical power to the good people of Cape Charles.

SOME HON. MEMBERS: Hear, hear!

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN:

MR. SPEAKER: The hon. Minister of Tourism.

MR. HICKEY: Mr. Speaker, on a number of occasions members have asked questions about the Wildlife Park on the Salmonier Line. I have some information which I would like to table. Prior to the start of construction considerable planning took place with regards to the type of park required. This plan was approved by the Wildlife Park Advisory Committee which was appointed by Cabinet consisting of government representatives, representatives of the academic community, as well as a number of interested citizens.

One of the major objectives in the development of the park is that it be as close to nature as possible. The site on the Salmonier Line was selected and the first construction consisted of the fencing of the 140 acre area with green vinyl chain link fencing. The green vinyl fencing being used to blend in with the foliage of the area.

The next major phase of construction was the placing of three buildings on the site, one to serve as a service building and one as an interpretative center, and the other a manager's residence. A number of firms were contacted concerning the possibility of suitable buildings for the site. A final decision was made with the approval of the Advisory Committee, deputy minister and minister. The proposals of Newfoundland Cedar Homes, agent for Lindhall Cedar Homes was accepted. They would supply all materials and completely erect the buildings including the installation of all facilities. The total price quoted with these services was \$187,259. Newfoundland Cedar Homes, represented by Mr. James Winter, indicated that all buildings would be completed by the Summer of 1974. Construction, however, was slower than was anticipated and there were problems encountered.

MR. HICKEY:

Demolition and reconstruction of one of the basements was a major factor. The unavailability of material for Mr. Winter's sub-contractor also posed a problem. In May of 1974, Mr. Winter indicated that he would require an additional \$23,766 to complete the project. The reasoning for this increase was higher labour rates, increase in material cost, as well as the slight changes made by the department on the original classification. These increases were discussed at length with the representatives of Gus Winter Limited and with officials of the Department of Public Works and Services. In considering the inflationary trend at the time it was felt that the increases were justified. They were therefore approved.

I might point out, Mr. Speaker, that it was at this point that I became minister of the department. Up to that time of course I cannot speak personally for the project except what I am advised of. As stated earlier, we were advised that the buildings would be ready for the Summer of 1974. However at the end of the Summer the buildings were still not completed. In November, 1974 we were advised by Gus Winter Limited that unless they received an additional funding in the amount of \$77,684.51 they would not continue working on the project. Careful consideration was given to this request and the matter was discussed thoroughly with the Department of Public Works and Services and it was unanimously agreed under no circumstances could the additional funds be justified.

Gus Winter Limited representing Newfoundland Cedar Homes was notified to this effect. The matter was referred to the Department of Justice to determine liabilities in the matter. On February 2, 1976, I advised Gus Winter Limited that the Department of Tourism considered the contract terminated and I further advised them that the Government of Newfoundland reserved the right to sue for damages in the matter. It was essential that the buildings in the park be completed to avoid deterioration due to winter factors. Tenders were called to complete the project. However, prior to awarding the

MR. HICKEY:

tenders a large crack occurred in the basement wall of the service building. Repairs and replacement to the wall were not reflected in the bids. Therefore it was decided that they could not be accepted as all concerned were notified to this effect.

Due to the many complications facing my department it was felt at this point that we decided to pass the matter over to the Department of Public Works and Services engineering sector, completely review the project and take the necessary action to have the job completed. The Department of Public Works and Services has now engaged a consulting firm who are presently appraising the project and will be submitting plans and specifications for its completion. Although major construction has been at a standstill for some considerable time, work has continued on the walking trails and the animal enclosures. We anticipate having all trails finished this year. Construction of enclosures will continue as long as new animals become available for display. We hope to have the park open to the general public by early Fall this year.

Mr. Speaker, I table this information for the benefit of the leader of the Opposition.

SOME HON. MEMBERS: Hear, hear!

o o o

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

MR. ROUSSEAU: Mr. Speaker, the question which has been posed - I was just waiting to jump up to - for which notice has been given, if I may revert.

MR. SPEAKER: An answer to questions for which notice has been given?

MR. ROUSSEAU: Yes.

MR. SPEAKER: Does the hon. minister have leave to revert? Agreed.

MR. ROUSSEAU: They are like jack-in-the-boxes over there. Sorry! In reply to a question posed a couple of days ago by the hon. member for Conception Bay South (Mr. Nolan) in respect to the companies'

MR. ROUSSEAU:

involvement in fighting fires. I gave an indication of what I thought it was and I checked it out and substantially what I said was correct up to the new Forest Act of 1973. Indeed the companies paid what I would consider to be a small amount towards the fighting of fires between Bowaters and Price and in effect although they were responsible we did much of the fighting of the fires with our water bombers and anything else we had at our disposal.

Right now the situation is, as I indicated the other day, the new Forest Act provided for an acreage tax, anywhere from seven and a half cents up to twenty to twenty-two cents. I think the exact figure is twenty-one and a half cents but in that area. That is not a fixed figure. That can be changed from year to year and it would normally and theoretically depend on last year's costs of what the tax would be per acre. Now this is the first year it has been in, so it is at seven and a half cents. When we add up the cost last year I would not be at all surprised that that figure might be up. So the figure can graduate anywhere between seven and a half cents per acre on company land up to right now a maximum of twenty to twenty-two cents. As I say I think the exact figure is twenty-one and a half cents.

So in effect we have now assumed responsibility for fighting fires, which we in effect did before the act, but I might say, Mr. Speaker, that both companies are very, very co-operative, extremely co-operative with their own manpower. For example, this morning we have only one fire in the Province - not a fire actually, we are mopping up in Deer Lake. Everything else is out, thank God. But they have 100 men over there this morning, their own people, working at it. Anytime we have fires in the Province in their limits they provide all the assistance out of their people, with their people in woods camp, that they can. They have been more than co-operative and this they do not have to do, although we can call on them. They do this very co-operatively. In addition to the tax of course they supply then

MR. ROUSSEAU:

their own men, their own people, which they have done in many areas in the past couple of weeks in respect to the forest fire situation. So they are -

MR. NOLAN: What was the amount the companies supply each year, \$25,000 a year?

MR. ROUSSEAU: I think the figure was \$50,000 between both Bowater and Price, which is not very much when you think that last year I think our total fire fighting cost was something like a million and a half million and three-quarters dollars, so

Mr. Rousseau:

it is not much. But now that that acreage tax is there, that can be graduated depending on the cost of last year's fires, and as I say, and as I indicated the other day, it is the first year actually, this year, that we have not computed the entire total cost last year. We will change it. Also, by the way, I might indicate that as a stimulus to the companies any fire that is set on company land that is their cause, by their cutting operations and so on, they are required to pay the first three days of the total cost of the firefighting operation. We will pay after three days, if they have been the cause of the fire. In other words, if any of their logging equipment or so on are in the forest and a fire starts as a direct result of that, they are required to pay the first three full days of the firefighting operation.

ORAL QUESTIONS

MR. SPEAKER: I recognize the hon. member for Trinity-Bay de Verde.

MR. F. ROWE: Mr. Speaker, in the absence of the Minister of Mines and Energy, and the Premier, I would like to direct a question to the Government House Leader. Sir, in view of the fact that some of the five Eastern Provincial Premiers have criticized Canada's Energy Minister for calling for a regional approach to power development and transmission, would the Government House Leader indicate whether or not this Administration has a policy in that respect, and if so, what is it? Is it in agreement with or in disagreement with that of the Federal Minister of Energy?

MR. SPEAKER: The hon. House Leader.

MR. WELLS: I would not wish to comment on a matter or a statement made by the Federal Minister of Energy, Mr. Speaker. The position which a government takes on these things is a government position, not a position that one or another minister, and that is something that has to be considered by the government as a whole and the position taken, and announced then in due course.

MR. ROWE: Mr. Speaker, a supplementary.

MR. SPEAKER: A supplementary.

MR. ROWE: I do not know if the House Leader, Sir, missed my actual question, because I had a bit of a preamble to it. But does the government have a policy with respect to a regional approach to the development of power and the transmission of power in the Eastern Provinces, five Eastern Provinces?

MR. SPEAKER: The hon. House Leader.

MR. WELLS: The policy, of course, Mr. Speaker; but I do not think it is my place nor should I attempt to enunciate it here at this time, especially when the question is framed not as a question to ask what our policy is, but rather whether we take particular issue with something somebody else has said, which I have not got in front of me to know what they said.

MR. ROWE: A supplementary.

MR. SPEAKER: A supplementary.

MR. ROWE: Could the House Leader, Sir, indicate why Mr. James McGrath, the Federal member for St. John's East said, "That the Federal Government must take the initiative then about -

MR. SPEAKER: Order, please!

MR. ROWE: - the National Power Grid?

MR. SPEAKER: Order, please! I would have to rule that question out of order, It is outside of the area of knowledge or jurisdiction of the minister. The reason why a Member of Parliament said something would not be something I think which a minister in the Provincial Government would be competent to comment or certainly would not be within his exercise of his powers as minister.

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

MR. SPEAKER: A further supplementary.

MR. ROWE: Sir, could the House Leader indicate whether or not it is true that the Federal Energy Minister has stated publicly that he will assist, and/or mediate the problem that we have with Quebec in connection with the buying back of power?

MR. SPEAKER: The hon. House Leader.

MR. WELLS: In regard to that, Sir, I know no more about that than any other member, Mr. Speaker, what I read in the public press and that is all I know about it.

MR. ROWE: A further supplementary, Mr. Speaker.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: I will allow one further supplementary.

MR. ROWE: I have some more supplementaries, Mr. Speaker.

MR. SPEAKER: We may get back to them. I will only allow one now.

MR. ROWE: Well, Sir, could the House Leader indicate whether or not it is the intention of the Administration or the Premier to invite Mr. Gillespie for assistance?

MR. WELLS: No.

MR. ROWE: Because since this is my last supplementary I will make it a two part one, Sir. What is James McGrath doing in criticizing the Energy Minister for this hands-off attitude?

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

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please! I must insist that when the Chair says, "Order," that the hon. gentleman asking the question do then cease even though it is in mid-sentence. I realize that nobody likes to be left dangling in mid-sentence, but it is necessary that when the Chair says, "Order" that the person stop there. And that question is similar or identical to one that was out of order. It is out of order to ask the minister why somebody who is not related to the Provincial Government, who is not under the jurisdiction of this government, why he said something or why he did not say something. It is only the actions of the government that can be questioned. So I think that was essentially the question, I do not know if there was a part before that.

MR. ROWE: There was a part.

MR. SPEAKER: There was a part before which the hon. minister may answer.

MR. WELLS: I will answer



MR. WELLS:

the part before that had to do with Mr. Gillespie's offer to mediate disputes, was it not? And I would say to that that that is a government decision; that if and when a government decision is taken the answer will be communicated, and that is all there is to it.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to ask the minister responsible for Consumer Affairs, Sir, if the minister or any official in his department in the last year or so received any complaints concerning double freight charges on building supplies coming into this Province imported from the Mainland? And did the minister receive any complaints either orally or in writing that Mainland firms were quoting prices, including freight costs, but that local suppliers were adding double freight charges to the building supplies or adding it on for a second time? And did the minister's department investigate specific complaints involving building material and supplies? And if so, what was the result of the investigation?

MR. SPEAKER: The hon. minister.

MR. MURPHY: Mr. Speaker, I would like to thank the member in the first instance for warning me before the House met that he would be asking this question to give me a chance to check it out. I did. And as far as I am aware and my department is aware, at no time has this point been raised to them as a protest of double freight charges. And if there is anybody in possession of such facts, we would appreciate it, Sir, if they could let us have it, and we would thoroughly investigate it. But I will just say for the record, Sir, that up to this time we have not had any complaints of double freight charges on any building supplies.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: I would like to ask the Minister of Transportation and Communications if he is getting impatient with DREE or getting browned off with DREE, because I got the impression from the statement the minister made outside the House today that he is anxious to get the contract with DREE signed so that he can get on with awarding contracts for the various roads that come under the new DREE agreement this year? Would the minister care to comment on that?

MR. SPEAKER: The hon. minister.

MR. MORGAN: Mr. Speaker, in answer to the question regarding my attitude, my attitude is, yes, I am getting impatient. I am sure all hon. gentlemen on this side of the House of Assembly are getting impatient, and hopefully all members of this Assembly are getting impatient with the unexplained procrastination in signing this year's DREE roads agreement. Over two weeks ago tenders have closed for projects for reconstruction and paving of roads, the Burgeo road, the Bay d'Espoir road, the Bonavista loop road, the LaScie road, and now we have tenders called for five different projects on the Great Northern Peninsula. But the tenders that were closed over two weeks ago are all ready for awarding the contracts to get these contractors moving. However, we cannot award the contracts until the actual signing of the agreement. So my comment to the media today was, "I am getting impatient." In fact I am very impatient—

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: — at this time because the construction season in Newfoundland is very short. It is a short construction season. I am getting numerous representation from people in these areas around the Province who know that tenders were called, who know that tenders have closed, and know what the situation is and inquiring through my office as to why the actual agreement has not been signed to date. And I cannot explain why. There is no explanation given to me as minister. There is no explanation

Mr. Morgan.

given to my colleague, the Minister of Intergovernmental Affairs, who carries out negotiations with Ottawa on this matter.

MR. SMALLWOOD: Does the minister have any suspicion as to why this outrageous -

MR. MORGAN: Suspicion is not the question, Mr. Speaker.

MR. SMALLWOOD: No, but suspicion of -

MR. MORGAN: The question was, Mr. Speaker, with regard to my attitude. I am answering the question accordingly. With regard to suspicions, I will not comment on that.

To answer the hon. gentleman's question, I am very impatient. I am sure I express the attitude of all my colleagues inside of the House of Assembly.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Does the hon. gentleman have a supplementary?

MR. NEARY: Would the minister indicate to the House that if the agreement is not soon entered into with DREE and the Government of Canada, will the minister then have to call tenders again? Will the costs have escalated that much that the minister may have to go back and call tenders on some of these projects again? Would this be a factor?

MR. SPEAKER: The hon. minister.

MR. MORGAN: Yes, Mr. Speaker, the law is quite clearly explained that after a lapse of thirty days after the bids were received by the department concerned, that after a thirty day lapse we have to recall these tenders. So far I think fifteen or sixteen days have already lapsed. So if another two weeks is carried on, and there is no actual agreement signed, and we have not got the contracts awarded, it could mean a further two weeks delay by calling tenders again.

DR. FARRELL : Or four.

MR. MORGAN: Two or three.

MR. NEARY: Mr. Speaker, a further supplementary question.

MR. SPEAKER: One further supplementary.

MR. NEARY: Would the minister confirm then that now that the controversy over reconstructing and paving of sections of the Great Northern Peninsula is that now a part of the new or will it be a part of the new DREE agreement? Will the Great Northern Peninsula work be included in the new agreement? Could the minister confirm that?

MR. SPEAKER: The hon. minister.

MR. MORGAN: Mr. Speaker, the tenders are now being called in the local press media, advertised accordingly for five different projects on the Great Northern Peninsula, and these were, two were for paving projects and three for reconstruction. Now they have given us the authority to call these tenders in the same manner as the previous tenders were called for the previous projects mentioned on the assumption and on the anticipation of a DREE agreement being signed in the very near future. In other words, they gave us the authority to call tenders, to get the bids in, and all ready for awarding the contractors. But like I mentioned earlier, we cannot award the actual contracts until the actual agreement is signed.

MR. NEARY: A further supplementary, Mr. Speaker, as this is a very -

MR. SPEAKER: Order, please!

MR. SPEAKER:

Order, please!

I will come back to the hon. gentleman later, since there are so many other members who apparently wish to get in questions, but it is still quite early in the Question Period.

MR. NEARY: It is a very serious matter, Mr. Speaker.

MR. SPEAKER: The hon. member for Windsor - Buchans.

MR. FLIGHT: Mr. Speaker, my question is to the Minister of Justice, but in his absence I will have to address it to the hon. House Leader. The magistrate who has been given the responsibility to carry out the magisterial enquiry into the tragic deaths on the Trans-Canada Highway in Grand Falls is quoted in today's paper as saying that the enquiry has not yet started, and the minister is quoted as saying that it is impossible to state when the enquiry would get underway. Well in view of the fact, Mr. Speaker, that months have passed, and in view of the fact that there is a lot of concern in the Central Newfoundland area that there may be or may not be - I am not saying there is - there may be an attempt to sweep the thing under the mat, will the minister state the government's position with regards to that ministerial enquiry now, and why the delay? Why is not that enquiry going ahead right now?

MR. SPEAKER: The hon. minister.

MR. WELLS: Yes, I will explain the position, Mr. Speaker. With magisterial enquiries the magistrate is there, of course, and he will set down when he is asked to set the date for a ministerial enquiry as he will in this case. He will set it down, and get it on as soon as he can, bearing in mind the other matters that he has set down before his court. But the other thing is that he cannot really set down the magisterial enquiry until the police and everyone else who intends to give evidence before the magisterial enquiry has completed their investigations. So that when the investigations are complete, the police go to the magistrate, and they say, "We are now ready, and we have done our investigation;

Mr. Wells.

will you please set the date?" And it may be that the Justice Department, you know, having received the police reports will go to the magistrate and say, the same thing. But the magistrate will not just set it down of his own volition. He has got to have an indication that the witnesses are ready and that they are ready to proceed. Well the government's position is, firstly, that it is obviously going to - not the government, but the court is going to have the magisterial enquiry. But I think it would be completely wrong for the government to be out beating on the magistrate's door and saying, "Set that down," before it is ready, and the government would not do that. But when the police have finished they will go either themselves or through the Justice Department and ask the magistrate to set a day, and that is how the process works.

MR. SPEAKER: A supplementary?

MR. FLIGHT: The magistrate in question is quoted, Mr. Speaker -

MR. SPEAKER: Order, please!

I should point out to the hon. gentleman and to other members, and to a large extent it refers to the manner of asking questions rather than the subject matter, but I think that is important. Beauchesne 173, subsection 4, says: "Questions asked orally on Orders of the Day being called must not be prefaced by the reading of letters, telegrams, newspaper extracts or preambles." And section 177 reads, "It is not good parliamentary practice to communicate written allegations to the House and then to ask ministers either to confirm or deny them. It is the member's duty to ascertain the truth of any statement before he brings it to the attention of parliament." To a large extent that refers to the manner rather than the subject matter, but it is important, I think, because if not the whole system of questioning, asking, based on newspapers or letters or telegrams, various reports, could be developed.

The hon. member for Windsor - Buchans.

MR. FLIGHT: Thank you, Your Honour.

MR. FLIGHT

To the hon. House Leader, again, that the magisterial enquiry, and this is pertinent in this case because it is the magistrate who has been charged with the responsibility of carrying out that enquiry: As indicated, the sequence that will have to be followed before the magisterial enquiry is indeed started, and he has indicated that the first thing that must be ascertained is whether or not there is enough evidence to support a magisterial enquiry. Is there any question in the Dept. of Justice, in the Minister's mind or in the governments' mind that there indeed might not be enough evidence to constitute or to bring about a magisterial enquiry, because the magistrate charged with the responsibility indicated this might indeed be a fact?

MR. WELLS In answer to the hon. members question: I do not know what the Magistrate has in fact indicated or whether he is correctly reported, but the legislation governing magisterial enquiries is such that in my opinion there does not seem to be any doubt that a magisterial enquiry would be held not only in the case of these deaths but in the case of any- how shall I put it? If someone dies in the General Hospital of incurable cancer or something, and there is no doubt about why the death, there may not be a magisterial enquiry.

But in any death that occurs not in natural circumstances which are adequately documented, then there usually is a magisterial enquiry, almost always is a magisterial enquiry, and the legislation provides for that. So in a case like this, I cannot conceive of there not being a magisterial enquiry or even any suggestion that there might not. And I am sure that the Magistrate did not suggest for a moment that, you know, he would have to assess as to whether or not there should be a magisterial enquiry.

MR. SPEAKER Hon. member for Trinity-Bay De Verde

MR. ROWE Mr. Speaker, I did not get a chance to say that I was dissatisfied with the answer I got from the House Leader so I would like to give notice that I wish to debate this during the Late Show

MR. ROWE

In the meantime Sir, I have a question for the Minister of Transportation and Communications. Sir, could the Minister indicate whether or not the administration in this province made any representation to the Federal authorities with respect to having chartered international flights arrive and depart from St. John's Airport.

MR. MORGAN Sir, that question was answered in reply to a question from the hon. member from Lewisporte district approximately two weeks ago. I replied to the same question then, by saying there has been no representations made by my department and I have no intention of making any.

MR. ROWE Mr. Speaker, a supplementary.

MR. SPEAKER A supplementary.

MR. ROWE Sir, in view of the fact that the member for St. John's West is in favour of such a system -

MR. MORGAN: No one is in favour of.

MR. ROWE - could the minister indicate whether or not the government has a policy within this regard, the provincial government has a policy?

MR. SPEAKER Hon. Minister of Transportation and Communications.

MR. MORGAN Mr. Speaker, the policy with regards to the St. John's Airport, my main concern at this time is to make sure that the facilities and accommodations at St. John's Airport are improved to the standards they should be improved. With regards to international status, the present airport at Gander is given that status and there is no indication from my department to Ottawa or to any authority to have that status changed.

MR. ROWE A further supplementary.

MR. SPEAKER Supplementary.

MR. ROWE Mr. Speaker, could I ask the minister whether or not any studies have been conducted to see what the effect would be on the economy of Gander if such flights were allowed to take off from-

MR. LUNDRIGAN: Raise that question with Ottawa.

MR. SPEAKER Order, please! Order!



MR. ROWE Listen to him. He still thinks he is in Ottawa, Sir, yahooping away up there.

SOME HON. MEMBERS Hear, hear!

MR. SPEAKER Order, please! Order!

MR. ROWE Sir, could the Minister indicate whether or not any provincial studies have been conducted to see what economic impact that it would have on Gander is such flights took off and landed in St. John's Airport .

MR. H. COLLINS: Why? Why should we?

MR. ROWE: I did not ask why, I asked if.

MR. SPEAKER Order, Order,, please!

MR. ROWE If we did not have so many Yahoos over on the other side we might get an answer.

MR. MORGAN Mr. Speaker, in reply to the question, any studies to be carried out with regards to the traffic patterns in connection to airports and the effects that these traffic patterns or traffic flow would have on the economy of these areas is definitely the responsibility and jurisdiction of the federal level of government.

SOME HON. MEMBER: He should know that.

MR. SPEAKER: The hon. member for LaPoile, followed by Burgeo-Bay d'Espoir.

MR. NEARY: Mr. Speaker, I am not sure, I am going to direct my question to the Government House Leader, but I believe the hon. gentleman may -

MR. SIMMONS: (Inaudible).

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

I must call to the attention of the hon. gentleman to my right, the hon. gentleman for Bûrgeo-Bay d'Espoir (Mr. Simmons), that at times when things are said to my right or to my left which I do not hear, or, you know, where I hear mumbling and that is all right. But when I do hear what would appear to me to be a questioning of a decision of the Chair, then I think that I am required then to intervene.

MR. SIMMONS: That would interpret the question -

MR. SPEAKER: Order, please! Is the hon. gentleman rising on a point of order or -

AN HON. MEMBER: Sit down!

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

MR. NEARY: Sit down, boy.

MR. SPEAKER: What I was doing was drawing to the attention of the hon. gentleman that if he has a difference of opinion obviously he is entitled to it. But what is said in the House and said audibly, not what a person may whisper to his deskmate, but said audibly where other members can hear it, then I cannot pretend not to hear it. And that was the point I was making.

MR. SIMMONS: What about a point of privilege?

MR. SPEAKER: A point of privilege, yes.

MR. SIMMONS: If everybody else uses this one, I should. On a point of privilege, the Chair has misinterpreted my remarks completely, and I feel I am entitled to explain, I explained to my colleagues rather loudly, for which I apologize, that I just figured out the system. I have been here since the beginning of this session trying to get a question in, the member for LaPoile (Mr. Neary) has now been recognized for four questions, and I explained to my colleagues that the way to do it is to keep standing up, and that is what I intend to do, Mr. Speaker.

MR. SPEAKER: The hon. gentleman rose on a point of privilege to make an explanation which is certainly fair enough, and that it is not a matter on which any decision from the Chair is necessary. It was a matter of explanation which the hon. gentleman made.

The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I was about to direct a question to the Government House Leader, but the Government House Leader may wish the Premier's Executive Assistant to answer the question, because I understand the brief that I am going to refer to was presented to the Premier's Executive Assistant yesterday by the taxi drivers. Mr. Speaker, taxi drivers, cab drivers in this Province are having a very difficult time either getting insurance, or they have to pay high rates for insurance, and yesterday they presented a brief to the hon. Premier via his Executive Assistant. Would the hon. gentleman care to tell the House what action the government intends to take on the request by the taxi drivers to have the insurance as far as it relates to their industry concerned investigated, and if the government will agree to postpone hearings that are scheduled for June 23, postpone these hearings until a later date in order to give the taxi drivers and consumer affairs people a chance to prepared briefs and so on?

MR. SPEAKER: The hon. House Leader.

MR. WELLS: In the absence of the Premier I will answer that question, Mr. Speaker. The point that the hon. gentleman has raised of course is a moot point, and I understand, yes, the petition was presented to the hon. member acting for the Premier at the time. This is a matter that will be brought by the hon. member and by me to the attention of the Premier. If the government is to take such a position or any position on this it would have to be a government decision decided, of course, by Cabinet. I can undertake to tell the member that it will be brought to the attention of the Premier, and it is probably already to his attention. A decision will be taken one way or another and communicated in the House.

MR. SPEAKER: The hon. member for Burgeo-Bay d'Espoir. When I recognized the hon. member for LaPoile (Mr. Neary) I said followed by the hon. member for Burgeo-Bay d'Espoir, (Mr. Simmons), but he is not here. The hon. member for Terra Nova (Mr. Lush) followed by the member for Trinity-Bay de Verde (Mr. Rowe).

SOME HON. MEMBERS: Hear, hear!

MR. RIDEOUT: Keep trying 'Fred'.

MR. T. LUSH: Mr. Speaker, I have a question for the Minister of Tourism. I wonder if the minister is in a position to inform the House whether or not the government has made any firm, definitive decision with respect to the administration of the Art Gallery here at the Arts and Culture Centre in St. John's, more specifically, Memorial will continue to administer the Art Gallery or whether it will be administered by his own department.

MR. SPEAKER: The hon. Minister of Tourism.

MR. T. V. HICKEY: Mr. Speaker, as promised by the hon. the Premier, a very definitive policy with regards to the Art Gallery and the requested Arts Council will be made, I hope, within a matter of days, certainly hopefully by the end of this week.

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

MP. ROWE: Mr. Speaker, I have a question for the Minister of Public Works. My understanding is that the management contract for the Health Sciences -

AN HON. MEMBER: We cannot hear you.

MP. ROWE: I am sorry. Mr. Speaker, I would like to ask the Minister of Public Works whether or not the management contract for the Health Sciences Complex has gone to a mainland firm, and could the minister indicate what firm this is and what, if any, will be the additional cost to the Province. Could the minister also, instead of a series of supplementaries, indicate what were the reasons for this management contract if indeed it did go to a mainland firm, what were the reasons for it?

MR. SPEAKER: The hon. Minister of Public Works.

MP. FARRELL: Mr. Speaker, negotiations are ongoing at this time concerning this contract and I am not able or willing at this time to give any further details. But when these are finalized I will be delighted to give all the details, costs and the reasons in due course which will probably be a couple of days time.

MP. ROWE: A supplementary, Mr. Speaker. Has the contract been awarded, Mr. Speaker?

MP. FARRELL: I just told the hon. member, Mr. Speaker, exactly what was going on, that the negotiations were still going on. I am not prepared to state anything further at this time.

MP. ROWE: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary. But I will point out, as hon. members no doubt know, that they cannot insist upon an answer. A supplementary -

MP. ROWE: Fight.

MR. SPEAKER: - for an additional question. But as the hon. member knows he cannot insist upon an answer to a previous question.

MR. ROWE: Mr. Speaker, it is not my intention to insist upon an answer, Sir. But probably the minister could clarify one news report that I did hear which stated that this would cost the government

MR. ROWE:

an additional \$98,000, I believe. Could the minister indicate whether or not that news report is accurate?

MR. LUNDRIGAN: That is totally out of order.

MR. ROWE: It is not, boy.

MR. LUNDRIGAN: Yes it is. It is totally out of order.

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

MR. ROBERTS: No, no. There is no point of order. There is no answer to the question.

MR. ROWE: I have a responsibility to ask questions of this administration concerning certain public matters. Now it was stated quite clearly on one of the news bulletins that the management contract had changed hands and it was costing this government an additional \$98,000 I believe. Now I am simply asking the minister whether or not that report is accurate. It is my responsibility to ask that question.

MR. ROBERTS: The minister more than likely would have said it is right.

MR. SPEAKER: The hon. Minister without Portfolio.

MR. WELLS: To the point of order, Mr. Speaker. The hon. minister was asked a question about the Health Sciences Complex a few moments ago, and he gave an answer and the answer was, as I remember it, that he was engaged in negotiations, these negotiations were not yet complete and as soon as they are complete he will gladly tell the House the details. Well it seems, Mr. Speaker, to me that any question talking about news reports or other extraneous matters insofar as that question is concerned is out of order. Otherwise it is really implying that although the minister has said negotiations are ongoing and he will give the answer, the question implies that he is concealing the answer and that the whole thing is decided. That I think is out of order, Mr. Speaker.

MR. LUNDRIGAN: To that point of order very briefly.

MR. SPEAKER: I will hear the Leader of the Opposition and then the

MR. SPEAKER:

hon. minister to my left.

MR. POBERTS: Thank you, Mr. Speaker. The House Leader has stated two rules correctly. But I think both of them are irrelevant to the point under discussion here. What the House Leader was really doing was giving what seemed to be an answer that his colleague, the Minister of Public Works, might well wish to give. I think we should go back to the point of the matter now before the Chair, Mr. Speaker, which is that my colleague has asked a question. He has asked whether a certain statement is correct or incorrect. Now that does not offend against the rule to which His Honour just referred which says that a member cannot insist upon an answer and its subsidiary rule which is that a member cannot multiply or ask a question again with infinitely small variations thereon in the guise of supplementary or even further questions.

Nor does it offend against the other rule, Sir, that a question cannot be based upon a newspaper report. That stated, the citation is 177 in Beauchesne and it begins, "Reading telegrams, letters or extracts from newspapers as an opening to a question is an abuse of the rules of the House." My colleague was not doing that. I can summarize what I think is our position on this quite simply, Mr. Speaker, by saying that I would think the Minister of Public Works would be only too anxious to have the opportunity to set straight the record on this matter because while he did not cause the reports to be made public I am quite sure that he is as concerned as we all are because these reports have been made very public. I would think the Minister without Portfolio and the gentleman for Grand Falls (Mr. Lundrigan), if he intends to insert himself into this particular matter, are doing their colleague a disservice. Because I would think the Minister of Public Works would welcome very much the opportunity to lay this ghost for once and for all, that somehow an arrangement has been made with a Montreal firm that will cost the Province \$100,000 more than the arrangement which we have had, Mr. Speaker, which we have - I am sorry, the gentleman -

MR. MORGAN: Unconfirmed reports you are talking about.

MR. ROBERTS: Mr. Speaker, we are asking if the reports are confirmed or not. CJON began the report by saying, "The usual reliable source." Do you know who the usual reliable source usually is? It is usually the Premier when CJON says,



Mr. Roberts.

"usually reliable sources." They are not irresponsible.

MR. SPEAKER: Order, please!

Both the hon. gentleman to my left and the Leader of the Opposition are, of course, now involved in what is not germane to the point of order.

MR. ROBERTS: Thank you, Mr. Speaker. I am grateful to Your Honour for rescuing me from the savage assault of the Minister of Transportation and Communications. But the point I was making, Sir, is that I would think the Minister of Public Works would welcome the opportunity to answer the question. He has answered the two other questions my colleague put to him fully and completely, and I think it is obvious, Sir, that the question should be answered, and I submit that the question is perfectly in order.

MR. SPEAKER: The hon. minister.

MR. LUNDRIGAN: The hon. Leader of the Opposition seems to be saying that he is not certain about whether the question was in order as much as his saying -

MR. ROBERTS: No!

MR. LUNDRIGAN: - that regardless of whether it is in order or not, there should be some response -

MR. ROBERTS: Point of privilege, Sir.

MR. SPEAKER: Point of privilege.

MR. ROBERTS: I do not like this point of privilege business, although I am prepared to move the necessary motion. But the hon. gentleman from Grand Falls (Mr. Lundrigan) I presume he just heard what I said, and he proceeds to stand up and misrepresent it, I am not prepared to say deliberately. But let it be clear, and let the hon. gentleman understand that I think, as I said at least four times, that the question is in order, and I think the answer would be in order.

MR. MORGAN: There is no point of privilege.

MR. ROBERTS: Mr. Speaker, it is a perfect point of privilege, Sir, for the benefit of the gentleman from Bonavista South (Mr. Morgan). And if Your Honour rules there is a prima facie point, I am prepared to put the appropriate motion in the normal way, Your Honour. We can then have a debate upon it and the procedures under procedure will be finished. All I want is to say to the gentleman from Grand Falls (Mr. Lundrigan), quote me if he wishes, - certainly that would be better than most of the sources he quotes - but quote me accurately.

MR. SPEAKER: On that point of privilege. As I see it the hon. Leader of the Opposition is of the opinion that he was misquoted and has corrected, clarified and repeated and restated what he said, and the matter can rest there. The hon. minister is back on the point of order.

MR. LUNDRIGAN: The only question I raise at the moment the question was asked, was that the member asked a question stating, if I can correctly state him, that can the Minister of Public Works confirm or deny a news report? And on that basis, I think even if the bulk of the intent of the question or the question itself or the information being solicited is quite in order, that the member should refrain from asking any minister in the House to confirm or deny news reports. I do not think that that type of question is in order, and that is precisely the ruling that Your Honour made earlier on today on, I believe, at least two occasions. So on that basis I think the member should either rephrase his question or withdraw it.

MR. ROWE: I would like to raise on that point of order, Sir.

MR. SPEAKER: The hon. member.

MR. ROWE: I did not ask the minister to confirm or deny a news report. I simply asked the minister whether or not that that figure of \$98,000 was accurate?

MR. SPEAKER: Right.

MR. ROWE: The minister will not answer the question.

MR. SPEAKER: I have to dispense with the point of order.

As I understand it, and I will have to ask the hon. member for Trinity - Bay de Verde (Mr. Rowe) to correct me, his question presumably was whether a certain figure was accurate. Is that correct?

MR. ROWE: Partly.

MR. SPEAKER: Whether a certain figure quoted in a news report was accurate? It is whether a certain figure was accurate. This like so many is an extremely borderline case. It certainly does not refer to the kind of quotation from newspapers on which I ruled ten or so minutes ago. This is reference to a specific figure, and the question was whether that figure is accurate or not. To me it would appear, since every member has the right not to answer a question, it would appear in this particular instance to leave it at the discretion of the minister.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: He can refuse to answer, or he can give the answer. But I do not see the question as the same kind of one on which I intervened about ten minutes ago which was prefaced by a fairly lengthy report of opinion from a newspaper. But here the hon. member has taken a certain mathematical sum and has said, "Is this sum as reported so and so an accurate or not an accurate." I think in some measure this is what he said. So I will not rule it out of order. And the minister has the discretion to answer it or to not answer it.

SOME HON. MEMBERS: Hear, hear!

DR. FARRELL: Thank you, Mr. Speaker.

I have no intention of the keeping of any information or any reason to keep any information from the House. I certainly did not make any statement about this matter. I am a little shocked that it is out, because negotiations, as I said, are ongoing. I can

DR. FARRELL:

say that they have involved a company in Montreal. But I think it is not fair for me to state any sums at this time. When these negotiations are completed, if completed, I will be delighted to give this hon. House every piece of information available.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Order, please!

MR. SPEAKER: Order, please! The time has in fact transpired. It did so during the point of order, but I did not wish to leave that important matter dangling until tomorrow.

ORDERS OF THE DAY

MR. SPEAKER: Motion 6.

On motion, a bill, "An Act To Amend The Newfoundland Teachers Collective Bargaining Act, 1973," (Bill No. 87), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 7.

On motion, a bill, "An Act To Amend The Wild Life Act," (Bill No. 88), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 8.

On motion, a bill, "An Act To Amend The Financial Administration Act, 1973," (Bill No. 91), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 9.

On motion, a bill, - Motion 9 - I think No. 9 refers to a Resolution.

MR. WELLS: That has been wrongly placed there, It is no. 10.

MR. SPEAKER: All right. Motion 10.

On motion, a bill, "An Act Respecting The Registration And Regulation Of Consumer Reporting Agencies," (Bill No. 89), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 11.

On motion, a bill, "An Act To Amend The Highway Traffic Act," (Bill No. 90), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 12.

On motion, a bill, "An Act To Amend The Landlord and Tenant Residential Tenancies Act," (Bill No. 92), read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Motion 5.

On motion that the House resolve itself into a Committee of the Whole to consider a resolution in relation to the raising of loans on the credit of the Province, Mr. Speaker left the Chair.

MR. CHAIRMAN: Order, please!

Resolution:

That it is expedient to bring in a measure to authorize the raising from time to time by way of loan on the credit of the Province the sum of \$197 million and such additional sum or sums of money as may be required to repay, renew or refund securities issued under any act of the Province.

MR. CHAIRMAN:

Shall the resolution carry?

The hon. Minister of Finance.

MR. DOODY: Mr. Chairman, this is the loan act for the current fiscal year as outlined in the most recent budget.

MR. ROBERTS: Has this bill been circulated? Yes or no?

MR. DOODY: Yes, the bill was circulated a long, long while ago, Bill No. 45. It has been on the amendment books.

SOME HON. MEMBERS: Oh, oh!

MR. DOODY: It has been circulated months ago, certainly weeks ago. There were three or four of the finance bills came out at the same time.

AN HON. MEMBER: What bill is that?

MR. WELLS: Bill No. 45.

MR. DOODY: But anyway the content of the bill simply authorizes the Lieutenant-Governor in Council to raise the sum of money necessary for the borrowing programme of the Province for the current year. The amount in the bill is \$197 million. In the budget address on page 14 the borrowing requirements of the Province are outlined for the coming year. The total cash requirements of the Province in 1975-1976 after taking into consideration the projected contribution to capital account of \$10,400,000, there is \$196,433,200.

The financial programme of the Province will represent an increase in net debt of \$134 million. As redemption sinking funds and earnings on sinking funds total \$62 million. The cash requirements then are broken down, Mr. Chairman, on that page of the budget into the general market borrowings of \$155 million and Canada Pension Plan borrowings of \$36,607,000, Government of Canada loans of \$8,826,000 for the total of \$196,433,000, which is rounded out in the bill at \$197 million.

The Province will continue this year, as it has during the past several years, to raise its long term debt only in Canadian and United States dollars whether they are raised in Europe or in the Canadian

MR. DOODY:

and the United States Market, as we have had in the past some unfortunate experience with the European currency, the fluctuations of the Deutsche mark a few years ago costing this Province a considerable amount of money and it is an experience that we certainly do not want to go through again. So with that in mind, as I say, we have every intention of limiting or centralizing our borrowing in Canadian and United States dollars which appear to be a more stable currency and one on which you can make a reasonable estimate as to their value when the time comes for their retirement.

Of course, Sir, these amounts that I mention now are in addition to the financing requirements of Newfoundland and Labrador Hydro which would likely require about \$50 million in non-current financing. That is exclusive of the Gull Island thing which has since been, as the Premier has announced, temporarily at least discontinued. The \$50 million long term financing will be for capital expenditure programmes which are the regular hydro corporations programmes. There will be an additional \$25 million Newfoundland Municipal Financing Corporation which is to roll over some of the amounts as we discussed in yesterday's Newfoundland Municipal Financing Bill. That bill was a \$21 million total. Our objective is to try to roll over about \$25 million of that Newfoundland Municipal Financing Corporation debt every year. We have been successful in doing that to date.

A few weeks ago - not a few weeks ago - last week, I think, we went to the Canadian market and put a \$30 million offering to the public and it was taken up the same day. I find that a very encouraging sign indeed. It puts to rest those people who are concerned about the ability of the Province to borrow during the present fiscal year.

MR. SMALLWOOD: How much?

MR. DOODY: A \$30 million offering.

MR. SMALLWOOD: In the United States?



MR. DOONY: In Canada about three or four days ago - no, not - last week, one day last week. It was the same day that the Premier made the announcement on the ultimatum with Quebec Hydro. We thought that the timing was very significant because it demonstrated the fact that the financial community in Canada realizes that the people of Newfoundland have a good case, and that they have confidence in the ability of the Province to repay its loans. Of course, that is the main item of concern and should be the main item of concern. It is not the amount of money that we borrow. I think that if it was necessary the Province could probably go out and borrow \$500 million this year. It probably could borrow more if it had to. The point at hand and the one that we have to consider, Mr. Chairman, is not the short term borrowing, although the money could certainly be used, it is the long term servicing and the amount of money that is going to be necessary in years to come to service the debt.

As the hon. Leader of the Opposition mentioned yesterday, whether or not the entire amount of the long term provincial debt was ever fully retired or paid off is inconsequential. People loan money to the Province on the assumption that their bonds will be redeemed within a certain time span as is demonstrated on that particular issue. They also loan on the return on investment on the yield of the bond. As long as the financial community is satisfied that their particular investment can be serviced properly during the years, then indeed we do not have a problem. But we are treading a very narrow path when we get up to \$106 million this year in servicing of a debt which would probably be in the nature of \$120 million or \$125 million next year.

I am afraid that we are running very close to the wind in terms of our ability to service the debt. And this is why it is so necessary that we cut back on borrowing, that we address ourselves to the problem not in terms of the amount that can be borrowed. That is not relevant, as I said. That we can handle. What we have to address ourselves to is how much of our revenue can be realistically

MR. TOODY:

voted to servicing that debt. Now we have, of course, provisions, and have had for some time for sinking funds which are attached to and a part of the various bond issues that are sent out, that are offered to the market and are taken up by the market.

Now if hon. members are interested in looking at the appendix in the budget they will notice a list of bond issues over the past year. Some of them do not have sinking funds attached. Some of them were issued without sinking funds. These have special retirement features in each individual case which in effect represent a sinking fund because there is a clause in the bond issue itself which automatically retires a set amount of that issue at specified times under the schedule of the bond issue.

So, Sir, the amount of borrowing, as I say, that is necessary to carry on the capital projects of the Province for the coming year are as I have outlined. This bill, which is one, I might say, that has been relatively a new feature of this House, as I understand it, it is a legislative improvement which was brought forward by this administration in which the government has to come to the House and seek permission to borrow and explain to the House what the borrowing is for and give an accounting of its previous borrowings. I think that this is an admirable step forward in the fiscal amangement and in reporting to the public and to the people through the House exactly what government is doing in terms of its borrowings, from whence the money comes and where the money goes and give an accounting generally of our responsibility in terms of the fiscal management of the Province. I think that this is a relatively new and I think a very, very worthwhile legislative procedure. I think that I will now take my seat and let those members present who want to ask questions or to discuss the bill have a go at it.

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

MR. SIMMONS: Thank you, Mr. Chairman. I would like to say a few

MR. SIMMONS:

things about the bill now before Committee, the bill which would authorize the government to borrow \$197 million. Perhaps first of all, Mr. Chairman, it is worth noting in response to some comments made by the minister a few moments ago about the innovation of having this request come before the House as a request so the House can debate it and so the government can be answerable to the House in terms of what the borrowings are for, before the minister and his colleagues break their arms by patting themselves on the back for that kind of an innovation I would suggest to him and to them that

Mr. Simmons:

they should take a long look at the way they have handled financial matters generally insofar as this House is concerned.

It is a matter of record, Mr. Chairman, that the Budget has been banded about for a number of months before members of this House. I got an opportunity to speak to it in a debate. We have gone through that, indeed we have seen the debate on the Budget only in recent weeks, although we had the Budget in our hands for a number of months. I would think that some time today or tomorrow we will be asked to take a look at another bill, Bill No. 44, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The 31st. Of March, 1976." And not too long ago we dealt with the Interim Supply Bill. Here we are now being asked to give authority to some borrowings of which notice was given in the Budget back in March.

All in all, Mr. Chairman, it adds up to a very chaotic picture. It adds up to a very chaotic handling of the financial affairs of this Province. It goes without saying that the bill that we will come to shortly, Bill No. 44, the so-called Supplementary Supply Bill can at best at this point in time be a rubber stamp, at best to be a rubber stamp despite the fact, of course, that the House was sitting before the last fiscal year ended, we were sitting in March and the year did not end until the 31st. of that month.

Mr. Chairman, I believe the overall point that needs to be made from the comments I have just is that there does not seem to be any appearance of order whatsoever to the handling of the financial affairs of this Province. And beyond that, Mr. Chairman, there seems to be a complete disregard for the role of this House in the matter of financing, and the matter of the financial affairs of the Province. I appreciate it when the minister stands up and says, "This is an innovation and we are actually coming to you, we are going to tell you like it is, and we are going to ask you for

Mr. Simmons:

permission." Mr. Chairman, it is very difficult to deny permission if we are already on a course anyway, if we are already launched into a borrowing programme, if we have already committed the supplementary supply, as we certainly have, then it is a mockery, it is an insult to all of us to even come here with your pretty bits of white paper and say, "We are consulting you."

I can think of many things I would rather do in this House than go through the charade of rubber stamping that which is already taken for granted or has already been done, or a course of action that has already been set in motion. I would say to the Minister of Finance, and to the Committee, and to the House, and to the government, that practically every item bearing on the Province's finances that we have been asked to enter into dialogue on in this House in this session, practically every matter have been a fait accompli before it got to the Committee stage or got to the House at all. And I repeat, I can think of much more profitable ways for a group of men and women to spend their time than going through this kind of a charade.

We have no intention of opposing the Borrowing Bill. Notice of this was given in the Budget. We subscribed, as certain others in this House do not, to the principle of borrowing as one of the ways of financing the operations of government. We think it has to be done with restraint, and according to the need. But in principle, Mr. Chairman, we can support the principle of the Bill. But we do not support, what we take very strong exception to is the charade, the mockery, the rubber stamp job that we are being conned into once again. Nothing can be done in this session to undo the insults inflicted on members by the sequences that we have gone through in terms of calling Address in Reply, and the Budget, and the Budget debate and the estimates and that kind of thing. But, I hope, Mr. Chairman, if nothing else comes out of this

Mr. Simmons:

session in terms of making the House more efficient and more productive, I hope if nothing else is forthcoming I do hope that the Government House Leader and the Minister of Finance, and the Premier and others in Cabinet will hear the plea made, not only by me, but a number of other members including the Leader of the Opposition, the member for Twillingate (Mr. Smallwood), the member for St. John's East (Mr. Marshall) among others, a plea that the business of the House be called in a much more rational order than it has been done this session. I do not believe I need bore the members of the Committee with the details of what the sequence has been this time in terms of the calling of the estimates, and the calling of the Budget debate and that kind of a thing. I believe all of us here in Committee know exactly what I am talking about. And I reiterate, I hope if nothing else is forthcoming from this session in terms of the functioning of the House, I do hope the Government House Leader and his colleagues have resolved that the next time around, the next session we will not have the charade perpetrated on this House, and on this Committee that has been the case during this session. It is no way to do business, Mr. Chairman.

I have been sent here by a constituency to do a number of things, and one of them is to assist in the monitoring of the expenditures of the Public Treasury. It is very difficult to do it, Mr. Chairman. The money has already been spent or committed, the borrowings have already taken place. It is a waste of my breath and the waste of the breath of every member of this Committee to stand here and vociferously oppose or support a course of government action, if that action is already well in motion. And I cannot speak too strongly, Mr. Speaker, about how strongly I feel against the methods that are used in this House, in this session, to deal with the affairs of the Province, particularly the financial affairs of the Province. It is nothing short of shocking. It is disgraceful. It is a mockery of the whole democratic process when we do it in this,

Mr. Simmons;

excuse the expression, this ass-foremost way, this after the fact way, this barring the gate after the horse is gone approach to things.

Now, Mr. Chairman, the easy solution, the easy conclusion, I ought to say, the easy conclusion would be to come to the conclusion that these fellows do not know any better. I do not think that is the case at all. I think it is quite the reverse. I think they know very well what they are up to. I think they arranged matters in this sequence, in this order, very deliberately for strategic reasons. And that, Mr. Chairman, gets me even more uptight, when I realize the Government House Leader and his colleagues are prepared to entertain themselves with strategies when we are dealing with matters as serious as \$155 million or \$197 million borrowing or an overall \$1 billion budget.

I would suggest, Mr. Chairman, particularly in these difficult financial times, in these times of restraint, in these times of catastrophic unemployment across the Province, it would seem to me that the narrow political strategies

Mr. Simmons.

ought not to be the prime consideration in handling the business of the Province. It would seem to me that a much more productive approach would be to orient the agenda of this House in a way and in a manner and in an order so as to allow for the fullest possible disclosure, the fullest possible discussion, the fullest possible hearing of the financial details of this Province. Instead of that, Mr. Chairman, this afternoon in what must be the dying hours of this session or this part of the session, we are being asked to rubber stamp the borrowing bill. I predict that we will shortly be asked to rubber stamp, in the truest sense of that term, the Supplementary Supply Bill, Bill No. 44 on the Order Paper. It would be a cliché to say there has to be a better way. Not only is there a better way, but the government knows what the better way is. The better way is to get back to the simple logic of the situation. Do step one before you do step two. That is the better way. And I would appeal to the Minister of Finance to use his influence with the Government House Leader to see that the next time around this whole consideration of the finances of the Province not be done in such a haphazard - I was going to say haphazard way, but no, I return to my earlier thesis - it is not at all hazard. It is quite planned. It is quite planned, not very logically sequential, but quite planned.

MR. ROWE: Organized confusion.

MR. SIMMONS: Yes, organized confusion. Confusion organized for a purpose, the purpose being to suit the government's -

MR. MURPHY: Like you used to do. What you did for twenty-three years?

MR. SIMMONS: The member for St. John's Centre - could he repeat his -

MR. MURPHY: I say, do as the previous administration did do not come to the House at all, just do it, and come back and then ask for it. That is all. You have to borrow. What you are saying is absolutely stupid and obsolete. That is all I am saying.



MR. SIMMONS: I see.

MR. MURPHY: We have to listen to you. There is nothing we can do about it.

MR. SIMMONS: No, the minister has not got to listen.

MR. MURPHY: If the hon. member goes down -

MR. SIMMONS: If the minister from St. John's Centre thinks it is stupid to discuss the borrowings of this Province, then why does he allow his colleague, the Minister of Finance to go to the charade of even bringing it in here? If he has got a dispute with the leader of the administration for the twenty-three years, let him take it out with that leader who happens to be in the House now. Do not look at me. Because what was done in twenty-three years -

MR. MURPHY: Let it rip.

MR. SIMMONS: If the minister will stay silent long enough I might get through to him. I doubt it, but I will try.

MR. MURPHY: Oh, my!

MR. SIMMONS: The minister talks about what went on for twenty-three years. He seems to be the resident expert on that particular subject.

MR. MURPHY: No, I am not an expert on anything, but you know I am aware of it as I wish the hon. member were the same way, with great pleasure.

MR. SIMMONS: I want him to talk himself out. He is making such a good fool of himself, Mr. Chairman, that I would like to hear more from him.

Perhaps there were some things wrong in the first twenty-three years. I was not around here. I will say this, that the member for St. John's Centre was sitting over here, and I hope he raised his voice as much as he does these days when he has not got the floor. I hope he got up once in a while and spoke against the vicious crimes he is talking about.

MR. MURPHY: I know nothing about crime. At no time did I say anything about a crime by the previous administration.

MR. SIMMONS: Officially I retract the word 'crime', Mr. Chairman.

Mr. Simmons.

It is the kind of term that comes spontaneously to mind when one looks at the member for St. John's Centre (Mr. Murphy). What a crime! I say that in the compassionate sense of the expression only, Mr. Chairman.

MR. MURPHY: Well done, 'Roger'. We know how popular the hon. gentleman is.

MR. SIMMONS: Mr. Chairman -

MR. ROWE: Point of order, Mr. Chairman.

MR. MURPHY: Sure, I cannot help it. He is insulting me. I am being insulted. I got to defend myself.

MR. SIMMONS: That was a compliment.

MR. ROWE: Point of order, Mr. Chairman. My colleague has been trying to make a point for the last ten minutes, and he has been under constant interruption from the so-called minister for St. John's Centre. And I would just like to ask the Chairman to ask -

MR. MURPHY: Get on with it.

MR. ROWE: Listen to it over there, Sir. Just listen to it over there.

MR. SIMMONS: Name it! Name it!

MR. MURPHY: Stick to the statement.

MR. CHAIRMAN: Order, please!

MR. ROWE: - I would ask the hon. member for St. John's Centre (Mr. Murphy), Sir, to maintain silence while my colleague is speaking, and he has every opportunity to speak to this particular bill if he wishes to at a later date.

MR. CHAIRMAN: Order, please!

A point of order has been raised on the matter of interjections whilst the hon. member has the floor. Of course, all hon. members are aware that this is a practice that the Chair does not take note of officially unless requested to do so. This has been our pattern of procedure here, and as note has now been taken

Mr. Chairman.

of it, I would ask hon. members to allow the hon. member for Burgeo - Bay d'Espoir (Mr. Simmons) to continue his remarks in silence.

MR. SIMMONS: Thank you, Mr. Chairman.

As I was saying in reference to some comments made by the member for St. John's Centre (Mr. Murphy), I am not aware of how things were handled during the twenty-three year period he continues to laud. Mr. Chairman, I will say this to him and to the Committee, that the little I do know about those twenty-three years in the management of public affairs, I know of no example during that period, without appearing to defend it at all, I know of no example of where the charade was any greater than it is right here now in terms of the way we are handling the finances of this Province in the House right now. There could be no period, Mr. Chairman, during that twenty-three years when the charade was any more complete. And if the member for St. John's Centre (Mr. Murphy) is right that they did not even bring it in, I say at least that crowd had a respect for efficiency. At least they did not take up the time of the House discussing a fait accompli which is what we have here again today. So at least whatever else can be said, at least they had a respect for efficiency.

Here we are, Mr. Chairman, today - I have said it, why repeat? Anybody who wants to hear the point has heard it. I do not really expect to convince the member for St. John's Centre (Mr. Murphy). I do not particularly feel that we ought in 1976 get too bogged down in comparisons with any past period. I think what will be eminently more productive will be to ask ourselves a simple question, is this the best way we can handle the question at hand. And I am not convinced. I am not convinced that the best way to seek Supplementary Supply is two or three months after the fact, after it has been expended. I am not convinced that the way to allow for an intelligent and pertinent

Mr. Simmons.

debate on the budget is to call the debate months after the budget has been brought down. If that is what the member for St. John's Centre (Mr. Murphy) favours, he and I just do not agree on that particular point.

Mr. Chairman, Bill No. 45, the one before Committee now, a resolution to authorize the borrowings of \$197 million, I will say that we will not oppose the bill. We are for the principle of borrowing to finance government's debt. We fully believe that it has to be done with restraint at all times, but with particular restraint in this particularly unique year from a financial standpoint. It has to be done, one, with restraint, and two, with pretty intimate reference to our needs and our ability to borrow. For our part, Mr. Chairman, my colleagues and I will be able to support the principle of the bill.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for St. John's East.

MR. MARSHALL: Mr. Chairman, the hon. member who just spoke, it is not really hard to see how the hon. member feels that this bill is a charade, it is a rubber stamp, or it is a fait accompli, because it is obvious that the hon. member does not understand the import of the bill, the reason for the bill, and the bill's being brought in.  
Now I

MR. MARSHALL: understand that the hon. member is supposed to be the financial critic in the Opposition, and this appears to me to be one of the most incredible statements I have ever heard from a member of the Opposition, let alone somebody responsible to shadow a particular department, that this is a fait accompli. The fact of the matter is, Mr. Chairman, this is a resolution that has been brought into Committee and if it is passed a bill will be introduced in the House; and if and only if this resolution is passed and the bills passed as well, then and only then will the government get the power to borrow \$197 million.

Now this is set down in the Financial Administration Act, to which I refer the hon. member for study before he makes such statements as that, whereby the government of this Province is not empowered to borrow any money without the sanction of the Legislature unless it happens to be for a purely temporary purpose and then only for restricted reasons and they have to come to the House pretty well almost immediately, or for the purpose of refinancing already borrowed debt, rolling over borrowed debt.

This was not the situation, Mr. Chairman, as I might state, before this government took over the position it has in this House. It was always a bone of contention and people can debate it from one corner of the House to the other but it happens to be true, that prior to coming into power in this government from 1966 onward one of the worst, in my view, powers, the greatest powers and the most oppressive powers that had ever been given to a government in British Parliamentary practice was to confer upon the Cabinet power to borrow secretly in secret government session and the public would be then faced with a fait accompli. That was where the fait accompli occurred, Mr. Chairman, and this is not a fait accompli, it is not a rubber stamp, it is not a charade. There may be certain things with respect to the procedures of this

MR. MARSHALL: House that I will agree with the hon. gentleman are a charade, but the bringing of this bill in, of this bill of itself is certainly by no means any charade because the fact of the matter is if it does not pass the government does not get the power to borrow and the government therefore is just as much necessary to the government in its expenditures for the ensuing year to get the power to borrow this money as it is for it to have its budget passed and its estimates passed and for its taxation bills to be raised.

The statements of that nature show a surprising, a very surprising lack of knowledge on the part of the hon. member and I am very surprised that he would make and he could possibly make an observation of this nature and surely the hon. member did not really mean it.

Now, Mr. Chairman, to get back to the purpose of this bill; why are we really debating this particular bill for borrowing? Why is it necessary? There are two major reasons that I see why it is necessary; first of all is to bring to the attention of the public insofar as this House is capable of doing so, and I doubt as to its capacity, but insofar as it is capable of doing so the amount of the borrowing in this Province, and I will come to that in a moment, and the other thing is it keeps the people in charge of the fiscal affairs of this Province on their toes, because they pass a budget in which they estimate certain expenditures are to be made, in that budget they say there are certain to be raised and the expenditure either have to be financed either through revenue from taxes or through the government of Canada or through borrowing, one or the other, and if you leave a loophole open for the executive arm of government to borrow as much as it wishes in the Cabinet, then and in that event you do not have any real pressures put on the Department of Finance to make sure that when they budget they are budgeting

MR. MARSHALL: carefully. It is a calling of them into account.

But now on the matter of government borrowing, the amount of government borrowing, and this is one of the major purposes here of this bill, \$197 million, much as has been said about it, I do not think we should just let it roll off our backs because today's debts become tomorrow's burdens and let us not forget it.

Now next year, Mr. Chairman, this \$197 million will hit the debt service fund for the first time. On interest alone the government will not, I assume, be able to borrow at any less than ten per cent; its last issue with the Government in Canada was between ten and a quarter and ten and three quarters but it was in excess of ten per cent. So that translated means \$20 million extra next year that we are going to have to pony up for interest. So the burden then is \$20 million as a result of this bill. But there are certain other questions I wish to ask in the Committee of the House where we are now so in order that there will be full public knowledge of the situation, because by my calculations I feel from the information that I have that far in excess of \$200 million or the \$197 million is going to hit the debt service fund next year for the first time. In other words, the debt service fund will have to grapple with considerably more than \$197 million. Now how does that arise?

Now I make these statements, Mr. Chairman, not from the point of view of getting up and trying to say that the government is trying to hide something, I want to make that perfectly clear, or sweep it underneath the carpet because everyone of these factors has been announced publicly and they are well - they are as far as public information it has been given by the government, there has been no attempt to hide it - but the fact of the matter is I think it is absolutely essential that if my premises are correct that the facts should be known and again put together in one piece and drawn to the attention of the public.

MR. MARSHALL: In the first place, Mr. Chairman, we already have in the budget speech reference to extra expenditures above the \$197 million. I will come to those in a moment. The main extra expenditure, I know the Minister of Finance is outside and he will - I trust he is hearing what I am saying because I would like him to respond to these questions, is with respect to the acquisition of the Upper Churchill. When we acquired the shares which amounted to approximately \$130 million plus another \$30 million for the undeveloped resource from BRINCO, the amount was \$160 million, and Mr. Chairman, we all remember how that was financed. It was financed then through a local commercial bank with the interest being capitalized for a two year period. It was borrowed I think at about eleven per cent, or somewhere in that range, but the interest was to have been capitalized. \$160 million, instead of the following year paying the interest it was a part of the term that this interest would be added to the capital, so just using round figures another, \$16 million if you had ten per cent. But it happens to be more than that.

In year two it was to be capitalized, which is another \$16 million so we are talking there about \$32 million, so we are talking about between \$192 million and \$200 million. Now if my memory serves me correct, at the time when this loan was undertaken we are soon going to have to pay interest on that total amount. But I believe that the full force and effect of this \$200 million is going to hit the Province and the debt service fund in the next fiscal year.

MR. SIMMONS: Mr. Chairman, on a point of order.

MR. CHAIRMAN: A point of order.

MR. SIMMONS: Could we have a quorum? We would like to hear what the member has to say but we should have a quorum.



MR. CHAIRMAN: Would the clerk count the House?

I am informed that a quorum is present.

The hon. member for St. John's East.

MR. MARSHALL: As I was saying, Mr. Chairman, this is by way of really questioning clarification that I am asking the Minister of Finance, because maybe something has happened in the meantime with respect to this loan that has been repaid and capitalized, although I do not see it or put into the financial statements although I do not believe it has. But I would like the minister to address himself to it. I feel that—and here again a rough calculation in the vicinity of perhaps \$6 million to \$7 million may be paid this year on the interest which would be referable to \$60 million or \$70 million. So we are adding a substantial amount of, at the very least if my supposition is correct, of \$140 million or \$150 million next year for the first time where the debt service fund will have to grapple with the interest on this \$140 million or \$150 million. So that brings it up to \$310 million, up to at least — no, not \$310 million, it brings it up to \$350 million, in the vicinity of \$350 million next year that the debt service fund will have to grapple with for the first time.

Now this is not something, Mr. Chairman, that I will emphasize again.

AN HON. MEMBER: How do you get the \$350 million.

MR. MARSHALL: Well, there is \$197 million here. The capitalization of the , if I am right and I am doing this by way of asking questions to the Minister of Finance.

MR. NEARY: We would add that to the original debt of the Province.

MR. MARSHALL: No. We will come to that in a moment. The acquisition of the shares from Brinco was financed on a \$160 million loan from a commercial bank.

MR. NEARY: But that has been paid off.

MR. MARSHALL: Yes, but the point is it was financed on the basis of a two year loan, or for a two year period the interest was to have

MP. MARSHALL:

been capitalized. In other words, the interest was to be added to the \$160 million.

MR. SMALLWOOD: Added to the principal.

MP. MARSHALL: Added to the principal, you see, for the first two years and then it was planned to put it on a long term basis or to repay it on another interim loan or some other -

MP. NEAPY: The bond issue is on a long term basis now, is it not?

MP. MARSHALL: Well, this is what I am asking the minister. I do not believe it is on a long term basis now. I do not think it is anyway. It may be. But even if it is now placed on a long term loan it is next year that we are going to feel the full force and effect when the interest comes upon us.

MP. DOODY: It is the Gull debt.

MP. MARSHALL: Not the Gull debt. This is the debt for the acquisition for the shares of Brinco.

MR. DOODY: That is on a five year debt.

MR. MARSHALL: It was on a five year debt. But I -

MR. DOODY: It was on a five year programme, the first payment this year.

MP. MARSHALL: Yes, well what about that loan from the Bank of Nova Scotia.

MP. DOODY: That is what we are talking about, the first bank issue this year.

MP. MARSHALL: But originally it was two years, was it not?

MR. DOODY: I thought it was a five year programme.

MP. NEAPY: So there is no long term financing on this?

MP. DOODY: No.

MP. MARSHALL: Well okay. But the five year debt as I see it is what I see in the statements from the Newfoundland and Labrador Hydro Corporation where they acquired the shares from the industrial corporation on a five year basis.

MP. DOODY: The IDC.

MR. MARSHALL: Yes, but originally the government borrowed from the Bank of Nova Scotia \$160 million to finance the loan originally.

Now was that -

MR. DOODY: The interest was capitalized.

MR. MARSHALL: And the interest was capitalized. Now what has happened to that loan. Is that loan being repaid or has it been translated on a five year basis through Hydro? Well, Hydro is not -

MR. DOODY: We pay them through Hydro and the water resources to the Province.

MR. MARSHALL: So \$30 million is through the Province and \$130 million through Hydro. Now the \$130 million is on a five year basis.

MR. DOODY: You do not mind me interrupting.

MR. MARSHALL: No, no. I am glad because I want to get the - I think it is important to have the information. But even on a five year basis Newfoundland and Labrador Hydro is surely not generating enough to be able to pay for this and it is the Province that is going to have to pay it on a five year basis, is it not?

MR. DOODY: The dividends will start this year off.

MR. MARSHALL: But how much do the dividends work - surely the dividends are not going to repay the investment in five years, are they?

MR. DOODY: No, they will not. It should be about \$14 million this year.

MR. MARSHALL: Okay. So we get \$14 million and if you got \$140 million which I think is what they say here, but \$130 million over five years you are talking then about an extra \$30 million a year.

MR. DOODY: \$27 million, yes.

MR. MARSHALL: Yes. That we will have to pay. But the government will have to respond with another \$30 million on that?

MR. DOODY: That is in the Hydro budget.

MR. MARSHALL: I realize it is in the Hydro budget. The minister can

MP. MARSHALL:

correct me if I am wrong. We have got the Bank of Nova Scotia loan now translated to Newfoundland and Labrador Hydro and spread over five years, and that loan has to be paid on a five year basis which on capital will be approximately \$30 million a year excluding interest. Now we are getting \$14 million apparently from, you say, from the Upper Churchill, from the revenues.

MP. NEARY: This year, <sup>is</sup> No way! The Auditor General does not say that.

MP. MARSHALL: Anyway perhaps the minister can -

MP. NEARY: How much are we going to get from them?

MP. DOODY: The estimate is about \$14 million in dividends this year.

MR. NEARY: Is that right.

MP. MARSHALL: Okay. Well now we get \$14 million.

MP. DOODY: I said it before but you disagreed.

MP. NEARY: Oh no!

MP. MARSHALL: All right. Well let us take it back again then.

If we get the \$14 million and we have to pay out \$30 million, it is about between \$16 million and \$20 million when you add on the interest the Province has to come up with over the next five years with respect to the Upper Churchill acquisition. Am I correct in that, Mr. Minister?

MP. DOODY: Yes.

MP. MARSHALL: Okay. All right. Well we get away then from the principal amount and we will take that and we will say that the government next year in addition to the interest on the \$200 million will have to come up with another \$15 million to \$20 million on the Upper Churchill acquisition. That is over the next five years. So we have that added to it.

We also have, as the budget has indicated borrowings. The \$197 million does not include the borrowings for the Lower Churchill. Now that is the Gull Island project, the one that has been suspended

MR. MARSHALL:

or temporarily suspended. As I say - and I want to re-emphasize this over and over again - I am not proproting to get up and say, "Look, this is information that the government is attempting to hide," because each and every item of information has been plainly set forth in public documents that anyone can see. But I am saying it in the point of view that I think it is a matter of public interest that these facts be known when we are considering the amount of the borrowings now and we are considering what is going to happen in the future.

We have here this year an extra on interest alone \$20 million, as I say, from the debt service fund. We have now as the minister has indicated, instead of interest on the \$200 million we have an extra \$15 million at the minimum that is going to have to go in from the Province into Hydro in order to pay off that debt on a five year basis for the shares. So there we get \$35 million. Then we have these figures. The \$197 million does not include the current borrowings for the Gull Island. That is pointed out very clearly in the budget speech. The Premier has indicated that \$77 million is going to be the approximate total amount that will have to be carried by the Province in connection with the Gull Island development. Some of these monies were presumably borrowed last year, some of them will have to be borrowed and paid this year, and the effect of it will come in the debt service fund next year.

So, you know, add another \$5 million there and you are up to \$40 million, approximately \$40 million. Now I ask this by way of question of the minister, that, you know, the combination of the debt service funds, and the financing of the debt on the Upper Churchill and our requirements this year were up to \$40 million. You have two other items that have been borrowed. It has been clearly set forth in the budget speech, Newfoundland Municipal Financing Corporation at \$25 million and for general use of Newfoundland Hydro we have another \$50 million. I have never myself considered Newfoundland Municipal Financing Corporation really much more than really another subhead of

MR. MARSHALL:

the estimates because most of the borrowing that has been carried on cannot possibly be funded by the municipalities for whom the borrowing and the guarantees are being given and I think everybody has recognized that. The use of the Crown corporation and Municipal Financing Corporation is a convenient device for the purpose of isolating one's borrowings and carrying on this arm of government. But it should -

MR. PECKFORD: I said that yesterday.

MR. MARSHALL: Yes. But it should never be forgotten. I think that it is the government really that is going to have to pick that up really in effect or substantially. All of that is \$25 million.

MR. MARSHALL

You have a similar situation with respect to, I would imagine, although we have not had the chance to get at the details of Nfld. Hydro, that extra \$50 million for capital expenditure, a lot of that would be in the case of rural electrification and I would again say that eventually some of that anyway would have to be picked up by the government of the province. Although the balance sheet of the Nfld. and Labrador Hydro seems to indicate in a pretty much more healthier position, so perhaps the impact of that will not be as great, certainly proportionately on the province, as Nfld. Municipal Financing Corporation

So here we have then, Mr. Chairman. We are in committee and I am asking these as questions, I am not making definitive statements but from my reading of the documents, the financial picture as we have them, I see the debt service fund next year and the province having to cope and grapple with possibly an additional \$55 million, being a combination of interest charges and repayment for the shares on the Upper Churchill.

Now if that is so, Mr. Chairman, although you cannot relate all of that now to interest, because a fair amount of it is capital, some of it is, towards capital, on the Upper Churchill. But the fact of the matter is, next year we are going to have to find \$45 million extra. If you regarded it all as a debt service, you got approximately one third increase in the amount that is going to be necessary next year for the debt service fund.

Now where do we find the money for that? We would find a certain amount of it presumably because of inflation, our taxes go up automatically, because retail sales tax, for instance, that is based on a percentage of the value of goods, and we saw a result of that in the estimates this year, that the retail sales tax in amount ascended a fair and appreciable amount because of inflation, not because of increases in the amount of taxes. So you have that.

But by no means can you count on that equalling the thing.

MR. MARSHALL

We have already seen through the tax bills that have gone through this committee that this province is at its very limit as far as taxation is concerned. And that is not a political statement as such. That is a statement that is a factual statement. Our corporate income tax is as high as anywhere in Canada, our personal income tax, our gasoline, our retail sales tax. The people of this province can bear no more taxes.

So where do we get it? Do we borrow that much more money and thereby in the following years increase the debt service fund? It all comes back to the same, the last verse of the chapter is the same as the first verse of the chapter which I spoke about early in this session, to the effect that I do not deny that we need to borrow. And I do not deny that this government is trying to cut as much as it possibly can, and it is easier said than done.

And it is not the government to which I refer but it is an appeal, as it were, to the general public for a realization that we just cannot afford, I do not care what anyone says, to go ahead at the same rate that we are going ahead, no matter how necessary things are. And we cannot in this committee or in this House, Mr. Chairman, ignore for one single, solitary moment the fact that from a combination of various things, that next year there is going to be an increase of some \$45 million primarily in interest charges, some of it to the repayment of the Upper Churchill-Brinco acquisition

Those are just statements, as I say, statements of facts. I reemphasize again that I am not making them for the purpose of making allegations or anyone is trying to hide it, because as a matter of fact this government has really done more to reveal, although there are obviously improvements to which I have reverted in other debates, but this government has done more than any other government has to bring the fiscal affairs right to the attention of the public.

And it is up to us to bring them, to point out the high points of them, but it is primarily up to the public to absorb them. The latter of part of course, we as members have no control over, but



MR. MARSHALL

hopefully if the quality of the debate is such it will be.

There is another aspect that we must look at for next year as well, Mr. Chairman. So pity the poor Minister of Finance next year. Let us look at the bond redemptions. Minister of Finance after the budget speech kindly gave me a schedule of the unfunded debt of this province. And here again I have not got a big staff to be able to go through, but as I figure it next year, the bond redemptions that we are going to have to roll over are going to be in the vicinity of \$32 million, and the following year approximately the same.

These are amounts that were borrowed in the past and for which there were no sinking funds. And of course sinking funds are like savings, where you put in so much per year and the interest earns on it, so eventually at the end of the term, you have an amount for almost the amount to repay the loan. I would note though that there is borrowing here, there was borrowing here, and I do not think that this committee can overlook this -and it is not the Minister's fault or his predecessors fault, but it is something that I think we have to look at -there were borrowings here in certain years of substantial sums in German currency, Deutsche mark, which have been revalued, which were revalued appreciatively from the time in which they were borrowed, so that-

MR. DOODY We referred to them as peper dollars.

MR. MARSHALL Peper dollars. But the point of the matter is I point this out as being a danger of listening to that great group of officials, of people I hear from time to time, quoted to me ad nauseam by my friends on the front benches to the effect that their officials say. Because if there was ever a case, as far as I am concerned, or cause, of examining one's officials and examining for that matter, one's financial agents who are supposed to be your advisors in these matters, it is the loans series C 3, 4, 5 and 6 in Deutsche marks which were undertaken at a time when the German economy was going ahead at a very rapid rate and a very fast rate. You do not need an advanced course in economics to know the affect of a depressed country borrowing

in a prosperous developing country of that nature. It is a little bit different when you borrow in the United States because the Canadian currency is tagged to the United States currency anyway.

But I just observed that from the point of view of under scoring to hon. members the danger of listening officials and of following officials. As a result of these borrowings substantially more is going to have to be repaid than the value we received when we made the original borrowings. The main point I want to make with respect to this unfunded debt is here again next year we have to roll over \$30 million. And so on it will go on. I can remember some years ago looking at the schedule of the indebtedness of the province and in the latter part of the 1970's and the early 1980's are when this province must meet its obligations with respect to its unfunded debt.

You know, a large amount, I say, of the unfunded debt will then become due and of course it will not be able to be repaid and that will have to be reborrowed. So these are the points, Mr. Chairman, that I make for the benefit of the committee. I hope they have been of some benefit. To remphasize again is not for the purpose of attempting to insinuate that the facts are not there. You know, the unfortunate part of all of this is that the facts are there for anybody to see if they wished to see them. But they do not seem to be disseminated and until they are disseminated and brought out to the public, the public is not going to realize the situation.

The fact of the matter is that next year, we are going to need an increase, an huge increase in the financial obligations of this province that are apart from the meeting of its ordinary services, that are apart from the meeting of its salaries, what have you. We are going to have to meet debts increased, we are going to have to service increased debts, to the tune, from a quick calculation and supplemented by information given to me by the Minister, to the tune of some \$45 million dollars. That is my calculation, I hope I am wrong, But if I am right it is a matter of grave concern, I think, to the province. It is a matter for everybody to realize that we are going to have to take measures in the ensuing years to come to grips with the financial situation of this province or else we are going to have - Well we are going to have horrendous problems and this province is going to go so

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MR. MARSHALL

far back that it is going to take a century for it to come back  
on its feet again.

MR. DOODY I think that is a misunderstanding there.

MR. MARSHALL: Well that could be, the minister could. Yes.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, the remarks made by the hon. gentleman who just took his seat, Sir, were very, very interesting indeed. But the hon. gentleman has developed a rather unusual technique in criticizing the Minister of Finance and the administration that the hon. gentleman supports.

The hon. gentleman starts off by taking a flick at the official Opposition spokesman on finance and then after doing that, after convincing his colleagues that he is still one of them, that he still carries the old party flag, that he is still loyal to the party, then he proceeds in his unique way then to stick the darts into the Minister of Finance and into the administration.

MR. MARSHALL: That is your interpretation.

MR. NEARY: That is my interpretation and I believe, Sir, that is a pretty fair interpretation and -

MR. J. CARTER: Have you never heard of constructive criticism?

MR. NEARY: Well not only was it constructive but it was factual. I am not disagreeing for one moment with what the hon. member said. As a matter of fact, what the hon. member said is what the Opposition should have been saying. The hon. member has done a service really to the House and to the people of this Province in raising some of the points that the hon. gentleman raised and I was going to rise in my place following the official spokesman of the old-line Liberals.

MR. J. CARTER: You have no choice now but to sit down.

MR. NEARY: No. And I was going to raise exactly some of the same points only I may raise a few more. But certainly I have to go along with the hon. gentleman in most of the things that he said, but the hon. gentleman sort of left the impression in his remarks that while we were borrowing all this money and we were committing

MR. NEARY: ourselves to heavy interest over the next year or so, the hon. gentleman somehow or other left the impression with me anyway that the Province was progressing, that we had to slow down the progress of the Province, when in actual fact, although the debt of the Province is increasing and the interest, our commitments on the interest are increasing substantially year by year, we are going back if anything. We are going backwards. We have record unemployment, for instance, in the Province at a time when we have record borrowing and record interest payments and so on and now, Mr. Chairman, it must be obvious by now the point that I have been trying to make the whole session, since the House opened in November I have been trying to make the point that the Minister of Finance will not take in sufficient revenue from the Upper Churchill this year to amortize the principle and the interest on the loan which was short term in the beginning, which is now, so we have been told by the minister, five years from the Bank of Nova Scotia.

MR. SMALLWOOD: Five years from the start, five from the beginning.

MR. NEARY: No, my understanding was that it was a two year loan in the beginning.

MR. DOODY: Not from the beginning, I will explain it when I get up.

MR. NEARY: Well I do understand, Sir, I understand what was said at the time when the hon. Premier announced the takeover of the Churchill Falls Power Corporation, that is would be a short term loan and later on it would be included in the cost.

MR. SMALLWOOD: He will explain it to you now.

MR. NEARY: Look, I am going to explain it myself first as I see it, because it is only now that it is beginning to sink into the members' heads, the great blunder, the great mistake, the great goof that was made by the government that we have been told about so often by the hon. member for Twillingate (Mr. Smallwood).

In actual fact the government will not take in sufficient

MR. NEARY: revenue in this current year or next year or the next five years for that matter to pay the interest on the loan that they borrowed to purchase the controlling interest in the Churchill Falls Corporation. They will not take in sufficient revenue although the minister tells me it is \$14 million that the government will take in this year. I have grave doubts about that.

MR. SMALLWOOD: The government said there would be that much dividends. They do not get all the dividends.

MR. NEARY: Mr. Chairman, I do not care who else - I am talking about this government getting enough money to pay the interest.

MR. SMALLWOOD: \$14 million was not necessary to the government, that is the total dividend. There are other shareholders.

MR. NEARY: That is right. This is exactly the point. Every time I raise the question, the minister answers it by saying, "Well, I told the member that it is going to be \$14 million." The member says it is not going to be \$14 million and the minister does not stand up and make a definite statement.

MR. CARTER: Sit down.

MR. NEARY: I will sit down when I am good and ready, Sir. I am not out setting my savoury when I should be in the House. I am in this House trying to do a job for the people of this Province and if the big overgrown galoot will just keep quiet for a moment he may learn a thing or two.

Mr. Speaker, I want to hear the minister get up. I know there will be more dividends than what will go into the public treasury. There will be a dividend maybe of \$14 million, technically speaking that may be a correct statement. But how much of that dividend is going to go into the public treasury? How much of that dividend is going to go to Newfoundland Hydro Corporation to pay the principle on the \$197 million that was borrowed to purchase the controlling interest in the Churchill Falls Corporation.

MR. NEARY: I would submit, Sir, there will be a difference that will have to be paid out of the public treasury or it will have to be borrowed by the Newfoundland Hydro Corporation and the interest will have to be paid, as my hon. friend says, year after year after year. What do you do? Do you keep borrowing to pay the interest?

AN HON. MEMBER: They cannot even recognize that.

MR. NEARY: Well it is either that, Sir, or the Newfoundland Hydro will have to be subsidized from the public treasury. So now, Mr. Chairman, we are beginning to see the results of this gigantic blunder, this great goof that was made by this administration and now we hear about the ultimatums that are flung at the Province of Quebec and so forth in connection with repurchasing, buying back some of the power on the Upper Churchill? Would it not have been better for this government if they had left the situation as is, if they had not rocked the boat, if they had not disturbed the status quo and left Churchill Falls there as a private company because now, Sir, what in actual fact what is happening, although members may not realize this at the present time, that the procedure that the government has to use now, the procedure that this government has to take in order to buy back or to try and get back 800 megawatts of power from the Upper Churchill that is now being sold to Quebec Province, the procedure that has to be followed in my opinion, and I have not consulted with the hon. the Premier or his legal advisers, but I certainly have sat down and thought about it, the procedure that has to be followed is that this government is not going to sue the Province of Quebec as people think they are and people are almost prepared to pick up their guns and go up to the Quebec border and fight—that is not what is going to happen at all, although that impression is being left in this House and it is being left abroad. What will happen, Sir, is that this government will not be taking Quebec Hydro to court, although we have been led to believe that is what is going to happen, and nobody

MR. NEARY: has taken the time to go out and explain to the people what will actually take place. In my opinion, Sir, what will take place is this, that the Government of this Province will now have to write its own company, the Churchill Falls Corporation, they will have to write Churchill Falls Corporation and say, "Mr. Churchill Falls Corporation will you deliver to this Province 800 megawatts of power." That is what will have to happen.

MR. SMALLWOOD: They will direct.

MR. NEARY: They will direct them. They will say, "We want you to, under the statute, under the law of this land, we want you to return to this Province 800 megawatts of power." And the Churchill Falls Corporation will write back and say, "Well, I am sorry, Mr. Government, but we have an agreement. We have a lease with Quebec Hydro and we are bound by that lease to deliver all the power except -

MR. SMALLWOOD: They have no lease, they have a contract.

MR. NEARY: Well, it is a lease.

MR. SMALLWOOD: They received a lease from the House.

MR. NEARY: Well that is right. What is it if it is not a lease?

MR. SMALLWOOD: Quebec has not got a lease. They have got a contract.

MR. CARTER: Listen to your leader.

MR. NEARY: My understanding of the law, Sir, that was passed in this House that we gave the Churchill Falls Corporation the right to lease the power, to enter into a lease agreement.

MR. SMALLWOOD: No, we gave them a lease.

MR. NEARY: We gave them a lease, well okay, maybe we gave them a lease.

MR. SMALLWOOD: We gave them a lease.

MR. NEARY: The hon. gentleman knows more about it than I do. But anyway what we have to do is now write the Churchill Falls Corporation and the point that I am making is that it would be far better if that



MR. NEARY:      company was a completely independent company at this particular moment because now what the government has to do, even though my hon. friend will probably disagree with me on this too, I say Churchill Falls Corporation is a Crown corporation. The hon. gentleman says it is a private company. Well I say that the people of Newfoundland own sixty per cent of the shares of that company and you can call it what you like, a rose by any other name smells just as sweet. So we own sixty-six and two thirds per cent of the Churchill Falls Corporation, and in my

Mr. Neary:

opinion, if that is not a Crown corporation, I do not know what is.

MR. DOODY: The Province of Quebec owes the rest of it, and that is a Crown corporation.

MR. NEARY: That is right. So personally I say it is a Crown corporation. So in actual fact what is happening is that the government will then have to take their Crown corporation, they will have to sue themselves, they will have to take themselves before the Supreme Court of Canada to get a decision on whether or not the contract or the Churchill Falls Corporation went outside of its terms of reference.

MR. DOODY: It was only the first skirmish.

MR. NEARY: Only the first skirmish! It is only the first skirmish! Look, Mr. Chairman, we are led to believe that in this hon. House, and everybody wants to get up and sing the Ode To Newfoundland, and God Guard Thee Newfoundland, and people are ready to get the guns and go up to the Quebec border, when in actual fact, Sir, to cut right to the heart of the situation, is that the government in the first place instead of writing Premier Bourassa and dragging this big red herring in, maybe to try and bail him out on the by-elections, I do not know, or the Federal by-election is coming up, but anyway, instead of dragging in this gigantic red herring that they have dragged in, they should have first written the Churchill Falls Corporation.

MR. DOODY: You have got a terrible mind.

MR. NEARY: No, Sir, I have got a pretty clear mind -

MR. SMALLWOOD: Would the hon. gentleman yield?

MR. NEARY: Sure, go ahead.

MR. SMALLWOOD: Would the hon. gentleman agree that the only possible reason there could have been for the Newfoundland Government to approach Hydro Quebec, or the Premier of Quebec was to avoid a case in court? The case in court can always be held if it is necessary. If Quebec had agreed to the withholding by us of 800 megawatts there

Mr. Smallwood:

would be no need to sue CFLCo. The only reason for asking Quebec to agree was so that there would not be any need of a case in court. They having refused, the government now have recourse only to one action and that is an action in court against CFLCo.

MR. NEARY: Well, I mean, the hon. former Premier may be right.

But, Sir, -

MR. SMALLWOOD: I am right.

MR. NEARY: Well the hon. member says he is right, and he probably is, but what the hon. gentleman is not saying is that is not the impression that was left with the people of this Province.

MR. SMALLWOOD: No, that is right. That is right.

MR. NEARY: That is not the impression. It was a political thing -

MR. SMALLWOOD: That is right.

MR. NEARY: - politically motivated, and it was a gigantic red herring, and it should have been properly explained to the people of this Province, that the government road they would have to take would be to sue themselves.

MR. SMALLWOOD: Not themselves.

MR. NEARY: Well it is themselves as far as I am concerned. The hon. former Premier may not think they are suing themselves, but I say it is a Crown corporation, and the government has to sue themselves.

MR. SMALLWOOD: Rubbish.

MR. NEARY: It is not rubbish, Sir. It is - and so I hope that message gets out. The message is, Sir, that this is about the biggest red herring in the political history of Newfoundland.

Now mind you, in the final analysis, Mr. Chairman, I do hope that the government will win its case in court, that it will get a favourable decision, and that we will get the 800 megawatts of power back.

MR. DOODY: But on the other hand -

MR. NEARY: But on the other hand she had warts. The minister knows the other hand I am talking about, The other hand is this

Mr. Neary:

red herring technique that is being used, when all of the facts should be laid out to the people of this Province.

And so, Mr. Chairman, we are beginning now to see the results of this gigantic blunder. And the government will not take in sufficient revenue in the next year to even meet the interest, let alone pay any of the principal on the short term loan from the Bank of Nova Scotia or whoever they got it from, I think, it was the Bank of Nova Scotia.

MR. SMALLWOOD: Yes.

MR. NEARY: And then my hon. friend goes on to point out that there is another \$77 million lashed out in a puff of smoke, most of it, in this charge that was put off on either side of the tunnel just before - on either side of the Straits of Belle Isle just before the last election, where a little pile of cement, I think, was put down on either side of the Straits where the tunnel was going to be built, and a little cap was put in it, and an explosion was set off, And everybody thought it was a big blast, but all it was was just a heap big smoke and no fire. And for that, and for the continuation of that foolish nonsense the government has another \$77 million that they are going to have to meet the interest on next year.

Mr. Chairman, the thing that worries me about all this, as it worries the hon. member for St. John's East (Mr. Marshall), is the fact, Sir, that the government, although the minister somehow or other, and I do not know if the minister is lucky, I pity the minister in a great many respects, the life span of Ministers of Welfare, and Ministers of Finance in this Province is very short. I think I had the record as Minister of Social Services, when I got in there I could not get out of it. And I think Ministers of Finance the life span, I believe, Dr. Rowe, the hon. Dr. Rowe probably holds the record; he probably went a little over three years. But if the minister can get three years without being lugged off to Waterford, without the fellows in the

Mr. Neary:

white coats coming to get him, he will be lucky. But it is a very serious situation, Sir. It is a matter that we should all be concerned about. And even though the minister tells us that he has been lucky so far in going to the bond markets, that Newfoundland has a good reputation, that we have no problem at all, and recently the minister floated a bond issue for \$30 million, had no problem at all selling the bonds in Canada, had no problem at all getting the \$30 million.

But, Sir, if we keep sliding the way we are in Newfoundland, one of these days the minister is going to be stopped right dead in his tracks. It almost happened last year once when the minister went down to New York and presented the government's prospectus to the finance people in the United States. The minister had to make some alterations and make some changes in his prospectus. You know, Mr. Chairman, I took that prospectus, and I took the second prospectus that the minister put out, and I read both of them, and I have read a number of others prospectuses that have been issued by this Province, and you know, Mr. Chairman, in my opinion, it is high time that the Minister rewrote the prospectus. It is certainly a very dull, unimaginative, uninteresting, certainly it is not the kind of a document that would motivate money lenders, money people in the United States or in Canada or anywhere for that matter to invest their money in Newfoundland. It has not been rewritten in years. It is time to update it. There were a few changes made in it last year, a few minor changes, but basically the prospectus is the same one that has been used for years and years, and it needs to be updated. And, Mr. Chairman, apart from updating the prospectus I think we are going to have to do something about our public image outside of this Province, Even though members may not agree with me, I think it a fact that we got all kinds of unfavourable publicity about the sealing industry in Newfoundland. I believe, Sir, indirectly that would affect the credit of this Province. The minister may not agree with that. I think it would have a devastating affect on our reputation as a

Mr. Neary:

people; people outside of this Province will look upon us as being barbarians, and being uncivilized, out knocking the skulls of these poor little white coats. And I believe, Sir, that in the money markets of the world that this could have also a devastating affect on our credit. And then we have the closing of Come By Chance. It seems that all of the publicity that we get outside of Newfoundland is all unfavourable publicity. We do not realize it here in this Province, but anybody who reads the newspapers as my hon. friend the member for Twillingate (Mr. Smallwood) gets newspapers from all over Canada, the United States, and all over the world, and I believe the hon. gentleman will agree with me, that 99 per cent of the publicity that we get outside of this Province is bad publicity.

MR. SMALLWOOD: It is not good.

MR. NEARY: It is not good. It is bad as a matter of fact. It is very unfavourable publicity. First we had - this Winter we had the seal situation, then we had the Come By Chance bankruptcy case, which is the biggest bankruptcy in the history of the world.

MR. SMALLWOOD: No, in Canada.

MR. NEARY: Well I am told, Mr. Chairman, I am told, maybe I am wrong, the hon. gentleman can get up and speak whenever the hon. gentleman wants to, but I am told that there was a meeting held in Tokyo and that the Japanese came to the conclusion, Ataka, the banks, the financial people in Japan, in Tokyo came to the conclusion that they would have to write off \$300 million; that they would not recover, or they might only recover a very small portion of \$300 million, And I am told that is the biggest write-off in the history of the world.

MR. DOODY: That is the first time I have heard that statement.

MR. NEARY: Well it is not the first time I heard the statement, and perhaps the hon. member for Twillingate can contradict me, and say, no that is not so, there have been bigger write-offs -

MR. SMALLWOOD: It was big.

MR. NEARY: There have been bigger -

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MR. WELLS: I think the trustees said it was the biggest that they have ever seen

MR. NEARY: That is right!

MR. NEARY: That is right. So, I am not the only one who heard it, and I am not the only one who has said it.

MR. DOODY: That is a bit different than saying that the Japanese had to write off \$300 million.

MR. NEARY: Well, I was told, Sir, by my usual reliable sources that the Japanese were prepared for the worse, and that they felt that they may have to write off \$300 million which was one of, if not the, one of the biggest write offs in the history of the world. And so that certainly would not do our reputation any good in this Province, our financial situation any good. And then we had the goof that was made when we kicked out BRINCO, threw BRINCO out of Newfoundland, very poorly timed. That certainly had a devastating effect in the money markets of the world. And then there are these law suits that are hanging over the government's head by Canadian Javelin.

MR. DOODY: There are none.

MR. NEARY: There are none now?

MR. DOODY: Right!

MR. NEARY: You mean they have all now been withdrawn or cancelled.

MR. DOODY: They have all been thrown out of court.

MR. NEARY: They are all thrown out of court? The \$800 million is thrown out?

MR. DOODY: Yes, it was disgarded, thrown out.

MR. NEARY: Disgarded. Well, I am certainly glad to hear that, Sir, because I am sure that gave the minister many a sleepless night, because that in itself could have a very, very serious effect on the government's credit and on the money markets of the world. And then there is the Linerboard mill. The fact that we have run into a lot of flak, and a lot of difficulties, and a lot of trouble with the Linerboard mill is certainly not going to do our credit rating any good.



MR. DOODY: That is thrown out of court, too.

MR. NEARY: That is thrown out of court, too?

Well, now, Mr. Speaker, now then maybe I am right. Maybe the prospectus should be updated. You know, Mr. Chairman, it is a funny thing about the prospectus. The government, the members of the administration, the ministers have attacked my hon. friend right, left and centre about his promotion of new industries, economic development and so forth, and when you read the prospectus, the industries that the minister holds up as examples of great developments in this Province are industries that were introduced into Newfoundland by my hon. friend, the former Premier.

MR. DOODY: Maybe you are right. Maybe it should be rewritten.

MR. NEARY: It should be rewritten, I think, Sir. And I think that it is time that it was done.

Now, Mr. Chairman, I do not have too much else to say about this except, Mr. Chairman, I want to suggest to the hon. minister that right down at the tail end of the prospectus every time you read it, you see if you need additional information or if there are any questions to be asked, get in touch with the law firm of Greene, McNab, I think it is, Greene and McNab -

MR. DOODY: Not always.

MR. NEARY: Always, Sir. Greene and McNab have been on the back of the prospectus ever since this administration took office, except once - no, not once, my hon. friend the Minister without Portfolio represented the people who were loaning the money so he told us. The minister's law firm once represented, went in the -

MR. WELLS: The European.

MR. NEARY: - the European market. I do not know if the hon. gentleman himself went over, but certainly one of his law partners went over on two or three occasions to arrange that loan. And this is a little goody that has been passed out, too, by the government. I mean the minister can put up the holier than thou attitude all he likes, but this is a little goody. It is a little goody that was passed out. And I heard it said by the member for Twillingate (Mr. Smallwood) that, oh, the former administration did it. The law firm

MR. NEARY.

of Curtis, Dawe, Mahoney and Fagan did it. Well I say to that, so what! So what! I do not think that any members of this House should be passed out these kind of goodies. There are others, Sir. That is almost as bad as the list of lawyers they have over at CMHC. You have to be a Liberal to get on the list, although they tell me that Mr. Fintan Alyward is still on the list. I do not know how they managed to keep his name there.

MR. MORGAN: Central Mortgage and Housing?

MR. NEARY: Central Mortgage and Housing have a list, and they had it when the Tories were in office up in Ottawa. They did not change it. They just changed it and put Tories on it instead of Liberals. And the hon. minister should do the same thing.

MR. MORGAN: If the Tories did not change it, they should have.

MR. NEARY: There should be no list. An individual when he goes to borrow from CMHC should be able to select his own lawyer. Mr. Chairman, there should be no list. Why should CMHC or any other Crown Corporation or any department of government foist a lawyer on a person who is borrowing money, a lawyer that he does not want? Pick from the list, oh, it is your turn.

MR. DOODY: Are we still at it?

MR. NEARY: Yes, we are still at, because I am suggesting to the minister that it is time now that the minister changed the law firm. Obviously, Sir, the bagman -

MR. DOODY: I have got nothing against this law firm.

MR. NEARY: Well, I have got something against the law firm.

MR. DOODY: Sure, you can kick them off when you get in.

MR. NEARY: No, Mr. Chairman, the bagman for the Tory Party, who is Mr. Greene, whose name is on the prospectus, seems to have fallen into disfavour with the government over the last couple of years. There is no communication between the ministers and the administration.

MR. DOODY: If there is disfavour I will check on it and get him kicked out.

MR. NEARY: Well, the minister, I would say, is fairly aware of the fact that the hon. gentleman is in disfavour. But there are others. And it is time to change that law firm. I do not have to tell the minister why it is time to change it. The reason must be obvious to the minister by now. There are others, Sir, and it is time that the thing was passed around. I am sure my hon. friend from St. John's East does not want it. He would not touch it with a forty foot pole. My hon. friend does not believe in patronage. My hon. friend probably had more to do with cleaning up patronage and graft in contracts, political contracts than any other hon. member of this hon. house, much to his credit.

Now, Mr. Chairman, much of the other things in this \$197 million are just statutory amounts, that have to be paid out. The government have no choice. They have to be paid out. For instance they have to pay the installment on Confederation Building. They have to pay the installment on the College of Trades and Technology, on all the hospitals that have been built in Newfoundland. These are statutory commitments that have to be met, and the government has no choice over these matters. There is about \$1.25 million in there that I believe the minister can do something about, and I have suggested this to the hon. minister before, and that is in connection with the loans and guarantees that have been given out by the Province. I had brought several into the House. There are more in the Auditor General's Report. I gave as an example, I believe, on one occasion the Paragon Hotel, which seems to be owned now by a group of well-to-do people, and they are in arrears. It is about time that they were forced to bring their payments up to date. And then there is Ocean Kist, that famous company that was formed by a well-known gentleman in this Province who seems to be fairly well off, and the company has been dissolved, and a new company formed.

Mr. Neary.

And they are into the government - what? - for \$300,000, is it? Three hundred thousand, I believe it is. Well that money can be collected.

MR. DOODY: That was applied to the list a few days ago.

MR. NEARY: Yes, Mr. Chairman, that money can be collected.

I do not see why the minister would not go out of his way to collect it. These are well-to-do people that well afford. If it were a welfare recipient, Sir, I will tell the House this, if it were a welfare recipient that had an overpayment it would be deducted from his cheque or he would be hauled into court. But here you have these rich merchants running around the Province owing the government \$300,000 and \$400,000 and \$500,000, and the companies dissolved, and new companies formed, and no effort made to collect the money. I believe it is \$150,000 in the case of this company. It is still outstanding, and the new company is libel to pay that money back to the public treasury. They just cannot stick their arm down in the public treasury every time they feel like it and take out \$100,000 or a couple of hundred thousand dollars, and then dissolve the company and expect to get away with it. So I would suggest to the minister that every effort be made to collect this money. And so these are the few remarks that I want to make, Sir, in connection with this bill. Our debt is increasing. The interest is increasing year by year, and yet we are falling behind. We are getting further and further behind all the time. And the member, I think, was very, very conservative, with a small 'c', when the member estimated that the additional requirements next year just to meet the interest alone, the member estimated it at \$45 million. I would say it would range from anywhere from \$55 million to \$75 million extra that will have to be

MR. NEARY:

found this year or next year by the people of this Province. Certainly we cannot whack any more taxes on. The taxpayers, the people, are already overburdened with taxes. So where is the money going to come from? I would not mind if we were progressing, making progress in this Province. We are getting further behind all because of a number of goofs that have been made in behalf of the administration such as the timing of the kicking out of Brinco and the buying back of the Churchill Falls. It is going to cost us \$16 million or \$20 million in interest alone next year. It will cost us more in interest than we take in in revenue.

As the hon. member for Twillingate (Mr. Smallwood) said some time ago the reason given was so that we could develop the Lower Churchill. And the Lower Churchill will never be developed, Sir, until we get another Smallwood, until we get another man with the energy and the imagination and the drive and the personality and the salesmanship that the hon. gentleman has. We will never get that Lower Churchill developed until we get a man of that caliber. So, Mr. Chairman, in closing my few remarks on this bill, I want to again compliment the hon. member for St. John's East (Mr. Marshall). I think the only points really of any significance that were raised on this bill - and we could go on and on if we wanted to trying to dig out information - were raised by the hon. gentleman. And the hon. gentleman made a valid point when he said that the government now do not have a free hand. They do not have a blank check like they had before, that now they have to come to the House when they want to borrow money and this is a good thing and this is an improvement and something that the hon. gentleman fought for while the hon. member was in Opposition because I happened to be on the other side of the House and I must say that I could not agree with the hon. gentleman more.

If that had not been done we would not be able to stand here this afternoon and try to pry and dig out a little more information on this \$197 million from the Minister of Finance. There is only

MR. NEARY:

one other point, Sir, escaped my mind when I was speaking and this is in connection with the linerboard mill. I would submit that a large chunk, I believe it was \$25 million of this amount is that statutory amount that has to be paid to the Linerboard Mill. But I want to draw to hon. members attention that we have on the Order Paper a special bill, a special act that is going to be brought into the legislature. It has not been circulated as yet although item 16, second reading of the bill, is listed on the Order Paper, "An Act To Amend The Stephenville Linerboard Mill." (Bill No. 69). I would predict now, Sir, that that bill has to do with additional financing of the Stephenville Linerboard Mill and perhaps the minister can enlighten us. I know we are not discussing that act now, but what is the situation? It might be a good time for us to get a financial report, to get a detailed report of the Linerboard Mill that we have been trying to get for the last three and a half years, and the government has refused to give us that report.

Do we have to wait until this bill comes in? Will it see the light of day in this session? Or will the minister give us a report on the Linerboard Mill now because \$25 million of that \$197 million has to be paid out on behalf of the Stephenville Linerboard Mill? So I do hope, Sir, - and I will be interested in hearing what the hon. minister has to say about these points that have been raised by both the hon. member for St. John's East (Mr. Marshall) and myself.

MR. CHAIRMAN: The hon. member for Twillingate.

MR. SMALLWOOD: Mr. Chairman, I rather pity the hon. member for St. John's East (Mr. Marshall). He has delivered three different speeches in this session all to the same effect, that he as a Newfoundlander, as a thoughtful Newfoundland, as a professional man, as a former minister of the Crown, as a member of this House, is scared about the financial state of the Province, of the government of the Province. Three speeches he has made. He has met massive, quite massive indifference. Not half as many members and supporters of the

MR. SMALLWOOD:

administration were here in the chamber to hear him, not half as many as are present now at this moment. I counted them. The number present fell so low indeed that the Committee found itself without a quorum. This was drawn to the Chairman's attention and a count was made and for three minutes according to the rules we waited until enough drifted in to make up a quorum while the hon. gentleman drew attention of the House and therefore presumably the attention of Newfoundland to the precarious condition of the Province, the precarious financial state of the government. That is the third time he did it. He got almost exactly no attention.

The press pay no attention. The radio pay no attention. The T.V. stations pay no attention at all, none. I would say that the most massive - I must choose my words carefully now - the word I would like to use is 'ignorance', but if I used the word 'ignorance' I would be using it in the purely technical dictionary meaning of it. That is to say, lack of knowledge, lack of information. Using it in that sense the most massive ignorance there is among our people in Newfoundland today is their ignorance of the present perilous financial state of their Province. They have not got a clue. The people of Newfoundland have not got the slightest concept. Now that is not the fault of the hon. gentleman. He has manfully done his part. I have tried to do my part.

Last Fall, when this House first met in the present session, I started the ball rolling by drawing attention, inviting the attention of the House to the conditions, the financial conditions, overspending and overborrowing. I was followed by the hon. member for St. John's East (Mr. Marshall) who spoke along precisely the same line. He was followed by the hon. member for St. John's North (Mr. J. Carter) who said almost identically the same things. Then surprisingly the Minister for Mines and Energy got up and astounded the House by saying virtually the same things. Then to cap it, the Premier himself admitted that we were in a bad shape and that we had to watch

MP. SMALLWOOD:

our bobbers. Now all that ought to have been enough to draw attention of the press gallery. No, no. When I quoted those hon. gentlemen in one speech here it did not get one solitary word on the radio, on television, or in the newspaper.

So at this moment the people of Newfoundland are, you might almost say, impregnably, certainly massively ignorant of the danger that faces this Province. The hon. gentleman tried to add up the amount of the borrowing in the current year by Her Majesty, the Queen in right of Newfoundland. What the Queen's ministers - the Queen herself does not personally go out on the market borrowing money, her ministers do it for her. The Queen in right of Newfoundland this year, unless there has been a change in recent days or weeks, the Queen is going to contract \$270 million new debt in the current year. Not \$250 million, \$20 million more than \$250 million, \$270 million. Now that is this \$197 million in the present resolution and it is a number of other amounts to be borrowed not directly by the minister but by Crown agencies



Mr. Smallwood.

of the government. And when it is all added up it comes to \$270 million in one year, in twelve months. It is incredible! It is incredible! And there has not been a year since the present administration were in office, when they have borrowed as little as \$200 million in one year. They has not been a year. They are in their fourth year - is it not? - fourth year, 1972-1973, 1973-1974, 1974-1975, 1975-1976, 1976-1977. They are now in their fifth year. And they will have borrowed by the end of their fifth year an average of well over \$200 million a year, well over \$1 billion, well over \$1 billion, \$1,200 million, \$1,300 million, \$1,400 million, \$1.2 billion, \$1.3 billion, \$1.4 billion, a billion, three hundred million in five years. Now I was pretty good at it. I was pretty good at it. I had nerve. I had courage, that kind of courage. I borrowed, too. When I say, "I", I did not borrow a nickel of it in fact, but my administration did, and you can shorten it. I am usually accused, I had to take the blame for things that my administration did, rightly so. That is as it should be. And my administration added \$700 million to the public debt of Newfoundland - \$700 million in twenty-three years, \$700 million.

The present administration has added twice that to our debt in five years. It is frightening. It is staggering. And it is useless to say it. It is Love's Labour's Lost. What the hon. gentleman did here today, what he said, he said as a thoughtful Newfoundlander, he said it as a concerned Newfoundlander, he said it as a Newfoundland patriot, he is in effect attacking the very administration of which we was, until recently, a minister. He is attacking an administration which he was elected to support, and which he still supports. He has only voted once against them, and that was on the Churchill Falls thing. He was right to do that. But on all ordinary matters he votes the straight ticket with his party. And so it was not with joy or happiness or satisfaction that he got up today and made his third speech inviting, pleading with the House, pleading

Mr. Smallwood.

with the House, pleading with the press gallery, pleading with Newfoundland to be warned, to take notice of the danger we are in. It is very real danger. The hon. gentleman attempted to compute the additional amount that the Minister of Finance, that this Province, that the government of this Province will have to find in the next financial year after the present one. He might have gone a step further and tried to figure the amount for the year after that and the year after that. If the government go on borrowing in the next four years at the same rate, it will be another \$1 billion added to the debt. And after this year, give another four years, which is the end of their constitutional term, five years, in five years they will have added much more than \$1,000 million at the rate of \$250 million a year. It was \$220 million or something last year, the year just passed. It is \$270 million this year. These are gross figures. The figures are gross admittedly, but they have got to go out and find it. If it is a slippery slope, if in twenty-three years to add \$700 million to the public debt is a slippery slope, what in God's name is it to add \$1,400 million in five years?

MR. LUNDRIGAN : We are carrying on your policy.

MR. SMALLWOOD: No, that is not my policy. I did not borrow at that rate. And I have a lot to show, I have a lot to show for the \$700 million. He did not have \$700 million, but I borrowed \$700 million and spent \$700 million, and had a lot to show the people of Newfoundland, including -

MR. PECKFORD: The cost of services are way higher than they were then.

MR. SMALLWOOD: It is admittedly so, and there is inflation. I am aware of that. That is so. It is so obvious that I do not need to be reminded of it. It is true. There is a great inflation now. And there is a much bigger public service now. What did the minister tell us? Was it between 28,000 and 29,000 persons now

Mr. Smallwood.

drawing pay in larger or lesser amounts from the treasury.

MR. DOODY: Three hundred and fifty million dollars.

MR. SMALLWOOD: Three hundred and fifty millions, and still we are told that the administration has adopted a policy of restraint. Some restraint! A budget of \$1,250,000,000, \$1.25 billion budget in the current year, capital and current combined, \$1.25 billion, an increase of \$250,000,000 in one year. About a year ago now - I do not know what month it was - about a year ago, the government brought down a budget for the year, and there was great jubilation, and I am sure the government felt genuine jubilation, because they had the first \$1 billion budget in history, the first \$1 billion budget. But I do not hear too much jubilation this year about the first \$1.25 billion budget. I do not hear much jubilation about that. In fact I have not heard them once. I have not heard the Minister of Finance, except in his Budget Speech, I have not heard him or anyone on that side of the House, except one, the hon. member for St. John's East (Mr. Marshall), and I half think that the hon. member for St. John's North (Mr. J. Carter) quote the \$1.25 billion figure.

So I am wasting my breath here now. The hon. member for LaPoile (Mr. Neary) wasted his breath.

MR. NEARY: Right!

MR. SMALLWOOD: And certainly the hon. member for St. John's East (Mr. Marshall) just wasted his breath. And I rather pity him for that. But I pity Newfoundland more that it should be wasted.

I want to say a word. The Premier told me that he was going to give me, as leader of this little group here, and he told me at the same time that he was going to do the same thing for the official Leader of the Opposition, a briefing, a private briefing on this Churchill Falls power thing, but he has not done it. I dare say he is going to do it. He said he would, and so I suppose he will, but he seems to be taking his time. The hon. member for LaPoile (Mr. Neary) is so completely right, and yet he is wrong.

MR. J. CARTER: He is right and he is wrong.

MR. SMALLWOOD: He is right and he is wrong, yes. The Premier would have been very derelict had he not gone to the Government of Quebec and asked them to give up 800 megawatts of the power they were entitled to get, and they are entitled to get up to this moment under the contract they have. After all, they have got a contract with Hydro Quebec.

MR. DOODY: Who made it?

MR. SMALLWOOD : The company and Hydro Quebec made it. I did not. I did not make that contract. I did not negotiate that contract any more did the hon. member for St. John's North (Mr. J. Carter).

MR. J. CARTER: I was not a dictator for twenty-three years.

Mr. Smallwood:

And I was not a dictator either.

MR. MORGAN: He would like to be though, 'John'. I think the hon. member would like to be one.

MR. SMALLWOOD: If anyone cared to read Mr. Smith's book, a book that thick, he will see who negotiated the contract.

MR. DOODY: It would give you some idea of what Hydro Quebec was like.

MR. SMALLWOOD: Yes, that is true. But I did not need to read that book to know something what they are like, or to know something about the Government of Quebec are like, or to know something of what the Premiers of Quebec are like. I did not need to read that book. I could have written a book about it. But anyone who cares to read that book which is the story of BRINCO, and is the story of Churchill Falls, will never for a moment think that I negotiated the contract. I did not. I had nothing to do with the contract, I have never read it to this moment.

AN HON. MEMBER: I do not think the hon. member ever had copies of it.

MR. SMALLWOOD: No, I never had a copy of it.

MR. WELLS: Was it in -

MR. SMALLWOOD: I have not read it.

MR. WELLS: Was it in -

MR. SMALLWOOD: I have not read it. I did not negotiate it. I did not sign it. It was a copy - any more than I negotiated or signed Bowater's contracts for the sale of their Newfoundland wood after they manufactured it, or the sale of the ore at Buchans, I did not negotiate those contracts. I did not negotiate the contract for the paper mill at Grand Falls. I did not negotiate the contract for the fish firms around Newfoundland any more than I negotiated the contract for the sale of the power from the Upper Churchill. That was negotiated by the company that had the concession from this House.

MR. DOODY: Would the hon. member permit a question?

MR. SMALLWOOD: Yes, of course.

MR. DOODY: We did own 9 per cent of the shares, and did have a member on the Board of Directors, I think.

MR. SMALLWOOD: On the Board of Directors, but not on the Executive Committee.

MR. DOODY: That is right.

MR. LUNDRIGAN: The member was not interested in the sale, or was he interested only in the construction aspect?

MR. SMALLWOOD: If the hon. gentleman cared, he is old enough to have a vivid recollection of what it was like five, eight, ten years ago, if he cares to carry his mind back when oil was selling for around \$1.00 a barrel in the world, that was the world price, when the Government of Canada was announcing publicly and proudly that they have enough energy in Canada, oil and gas, for one hundred years to come, then he will understand how after a long and wretched battle everybody involved was pleased at final last, at long last, CFLCo and Hydro Quebec had come to agreement, and had signed the contract. Everybody was pleased, no one was so pleased as the people of Newfoundland. The Evening Telegram, I remember, wrote an editorial giving me tremendous praise and tremendous credit for the part I had played, not in negotiating the contract or signing it, but the part I had played in getting the whole project together, getting it to go, getting Sir Winston Churchill to help me get BRINCO formed, getting the Rothschilds in, getting the great banker and industrial concerns of England, many of those of Canada, the Suez Canal Company, a large number of companies together to form BRINCO. I was given great congratulations for that. And all Newfoundland was pleased and happy that the contract was made between the company, which was a private company, CFLCo, and Hydro Quebec, which was a public agency of the Government of Quebec. The contract was made.

Now since then there has been one of the greatest economic revolutions of all time. Is the Committee acutely aware, I wonder, of the staggering size and nature of the economic revolution represented

Mr. Smallwood:

by what has happened in the Middle East, what has happened in the oil producing countries, where oil has gone from \$1.00 to \$13.00 to \$14.00, and will go up, and will continue to go up until it is at least \$25.00 a barrel? That is an economic revolution. Because energy, not only to light your house, and to heat your house, and to light the streets, but to operate most of the industries of North America; energy has become so expensive, so costly, as to give us a completely new economic world, a new industrial world. Now that is what has happened since that contract was made. Look, a child of twelve or fourteen looking at T.V. is aware now today of the world problem, of the world crisis with regard to energy. You do not need to be a prophet now! Even if you cannot read or write, if you would just look at T.V. you know now the world problem, the world crisis in energy, and it is easy enough now. It was not easy enough when it took seventeen years to get Quebec to come across, it was not so easy then, and Quebec was not so eager, she was not all-fired and eager and anxious to sign on the dotted line, and she drove a bargain, and she drove a hard bargain, And what kind of a crowd would they be in their own interest had they not driven a hard bargain? And what kind of a crowd would CFLCo have been if they had not driven as hard a bargain as they could drive? And so the bargain was driven, and the contract was signed.

Now we want 800 megawatts back. The law - look, I brought this into this House, this very Chamber here, this very same building, this Chamber, Clause (9) subsection (5) of the BRINCO Act, "in the event of the exercise of the water power rights hereby granted" the Act granted rights to BRINCO, "in the event of the exercise of the water power rights hereby granted the corporation, that is, BRINCO shall not export any electrical power from the Province without the previous consent of the government, which consent shall not be unreasonably withheld, having regard to the most economically and efficient means of utilizing such electrical power, and to the requirement of consumers or potential consumers within Newfoundland and

Mr. Smallwood:

Labrador!" I piloted that through this House. I did because I piloted the whole Bill. I did not draft it, it was drafted by the draftsman, the draftsman on both sides, of the Newfoundland Government, and BRINCO, and CFLCo, they drafted it. I piloted it through this House. Now that was 1953, the original act that gave BRINCO its rights, but now in 1960, was it 1961? the Government House Leader might remember, I think it was 1961 the lease agreement giving CFLCo their lease on the Upper Churchill. 1961 or 1963? 1961, I think. In that bill, which again, I piloted it through this House, in that bill too the right is reserved to the Government of Newfoundland acting for the people of Newfoundland, for the consumers of energy in Newfoundland, the right is reserved to the government in that bill to get the power, maybe all of it, maybe the whole shebang, the whole lot, the whole 7 million horsepower because there is no limit stated, no minimum, no maximum what-power would be needed is there. And it is under that Clause, I wish I had it here, I have not got it, it is under that Clause that the Government of our Province will do any suing that it will do. They have no legal case against Quebec. They have a moral case because Quebec has acted in a matter that is beneath contempt, beneath contempt. There are no words in the English language, there may be in the French, to express the unutterable and the inexpressible contempt that every fair-minded person in the world should feel for a government that tries to get the right to ship 800 kilowatts to New York and cheat and deny the very province that needs it and asks for it.

MR. DOODY: Beggar your neighbour.

MR. SMALLWOOD: Beggar your neighbour. Well now the Premier of this Province would have been derelict in his duty had he not gone, as he did go, because he was not derelict in that matter, he fulfilled his duty fully, he went to the Premier of Quebec and he said, "Look my dear fellow Canadian; my dear fellow Premier, my



Mr. Smallwood:

dear neighbouring Premier of the neighbouring Province, my dear Premier of the Quebec Hydro that is getting so much power from us; my dear friend, we want you to stop taking 800 megawatts of the power, There is 7 million horsepower, we want you not to take, to forfeit taking to yield up taking around a million horsepower, because we need it, and we need it very badly, " he says that. He was right to say it. The Premier would have been derelict in his duty, he would be infamously derelict to Newfoundland if he had not gone to Quebec. Not threatening to sue Quebec. Newfoundland has no legal case against Quebec.

Mr. Smallwood.

Newfoundland has no legal case against Hydro Quebec. Newfoundland has a case against CFLCo, because CFLCo were given rights by this House, not by the government, not the Smallwood administration. The Smallwood administration came into this House, through me, and asked this House to vote a lease to CFLCo. The House did so. It is a statute. It is an act of the Legislature. It is not an Order in Council made by a Cabinet. It is the law of this land. And in that law it is provided that they may develop the power of the Upper Churchill. They may distribute it. They may export it. They have do this, that and the other, it is spelled out, on condition that the Newfoundland Government shall specify what power they will not export, but shall be consumed within the Province. It is under that clause that I piloted through this House that the government can sue, and the only defendant there can be, the only defendant is CFLCo. It was CFLCo who received the rights from this House. The only rights they had were the rights this House gave them in that act. They had no other rights. They cannot invent rights. They cannot imagine them. They cannot go to some other government, some other Province. The only rights CFLCo ever had or could have are those that this House gave them, and this House gave those rights on certain conditions. If they go and break the conditions, it is they who broke them. If they sign a contract with the Government of Quebec or with the Government of Quebec's agency, Hydro Quebec, if they sign a contract disregarding that condition shame be on them. The fault lies on their heads, not on me. I did not make the contract. The hon. gentleman, sometimes his wit and his sense of fun become a little boring.

MR. NEARY: You are a very patient man to put up with it.

MR. SMALLWOOD: The hon. gentleman is an estimable hon. gentleman. He has some brains, and he has personality, and he has good looks, and he is an elected member and, therefore, he has the same rights here that I have. And I enjoy his wit as much as anyone does. I hope I am old enough and experienced enough not to be annoyed or irritated

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by his wit. I enjoy it more than he does himself. And if he thinks ever that he can get a rise out of me, he will have to get up a lot earlier in the morning.

MR. NEARY: He is a skinful of hate.

MR. SMALLWOOD: Well, I would not say a skinful of hate, no. I would say a couple of gallons, but not a whole skinful, no.

Now, Mr. Chairman, if Mr. Bourassa had said to our Premier, "Yes, okay, go ahead, we will tell CFLCo, we will give it to them in writing, we will give it to them legally that we will give up this 800 megawatts," then CFLCo would just automatically do it, and there would be no need of a case in court. That is why the Premier has got to go to Quebec.

MR. DOODY: Or the same price.

MR. SMALLWOOD: Or the same price. Get the power at the same price. The one time only when I fell out with BRINCO or Churchill Falls Power happened in this building. It happened in the little private dining room downstairs, where no doubt the Minister of Finance has had many a meal, and no doubt will continue to have many a meal. I had many a meal there as well. And in that dining room, Mr. Mulholland, who was then the head of Churchill Falls power and the head of BRINCO, and is now the head of the Bank of Montreal, the president of the Bank of Montreal, Mr. Mulholland came and had lunch with me, and we were discussing BRINCO matters, Churchill Falls matters, and when he rather suggested or rather insinuated the idea that the power that the Newfoundland Government would withdraw from Churchill Falls, the Upper Churchill - what is known as the recall power - would not be at the same price as the power was sold to Quebec for, I jumped up and glared at him, and I was his host, and I try normally to be courteous, I jumped up and glared at him and swore at him and stormed out and nearly smashed the door down as I went out, slamming the door behind me.

MR. LUNDRIGAN : That sounds like an astounding statement.

MR. SMALLWOOD: It is true. It happens to be the truth. The Leader of the Opposition was present, I believe, several of my ministers were.

MR. LUNDRIGAN: Astounding.

MR. SMALLWOOD: Well, so it is astounding. Okay, the hon. minister is astounded, okay, that is fine. He is astounded. It happens to be the truth.

Remember there was no suggestion then that we would be taking back any power. There was no need of it. There was no sign of it. There was no indication. So it was not at that moment a practical matter except in principle, and the idea in principle that Newfoundland would pay more than Quebec for Newfoundland power in the Newfoundland Churchill Falls was so outrageous, it was so completely outrageous that I stormed out, and Mr. Mulholland got the lesson, he got the message.

MR. DOODY: He did need part of that 300 for Labrador City, Wabush and so on anyway.

MR. SMALLWOOD: No, because they were getting their power from -

MR. DOODY: BRINCO was it not?

MR. SMALLWOOD: - from Twin. Now, they were getting their power from Twin, but the Twin Falls were to be absorbed into the Churchill Falls, and the power that they had been getting by contract for Labrador City and the city of Wabush, that power would then come where it comes from now, namely, Churchill Falls, and I believe, I know the intention was that Twin Falls would close down, and it did close down, I take it, yes.

MR. DOODY: Yes, but there is additional power for expansion of these plants, which is part of the 300 megawatts.

MR. SMALLWOOD: Yes, indeed.

So the Premier did the right thing. But let the House understand clearly that there is not a chance in this life that the Government of Newfoundland will sue the Government of Quebec

Mr. Smallwood.

about this matter. There is not a chance in this life, as I see it, that the Government of Newfoundland will sue Hydro Quebec, not a chance. The only suing is under the terms of the law that this House passed, not necessarily this law of 1953, though I imagine a court would read that as well. But they would look at the act of 1961, which laid down the terms and conditions of the lease of the Upper Churchill to CFLCo.

MR. DOODY: The water lease.

MR. SMALLWOOD: The water lease. That is right. And there is the clause, and if that clause does not give us the right, the government are not going to get it, not that way, not by court. There might be other ways.

Now let me say something about this silly claud idea, this silly, idiotic idea that you sometimes hear. It comes in anger, it comes from Newfoundlanders, honest to God decent Newfoundlanders, who are angry and justifiably angry with Quebec and the Government of Quebec when they say, "Close her down, turn the switch, turn it off." Well, a number of serious consequences to that; one consequence is that you could turn off the generators, you could turn off the turbines, you could stop the water coming down, or let it flow down and not go through the machines, and not generate the electricity, you could do that, But if you do that, number one, you do not have electricity to sell; and number two, if you do not sell it, you do not get paid for it; and number three, if you do not get paid for it, how do you service the bond? They went and floated a \$500 million bond issue in New York, the biggest bond issue in peace time history in the whole of the United States.

MR. DOODY: You would have to find \$700 million.

MR. SMALLWOOD: Yes. Well, no. What you have to do, number first, is you have to service the debt. You have to pay the interest on the debt, and then there is a default, and then you have to pay it all, the principal sum, not just - so the talk of closing down Churchill, the Upper Churchill is just childish, baby talk. It is childish,

MR. SMALLWOOD.

silly, stupid talk. So that is out. That is no solution. That is no cure. The cure is to follow in the British way, which is to try to enforce your rights in the courts of law. That is the way to do it. And that is what the government are doing, and every Newfoundlander will applaud them for that, although many Newfoundlanders could be so impatient and say, "Oh, for God's sake, forget the courts, just go in and grab them." Well, of course, that is understandable, but it is not wise,

MR. SMALLWOOD

in case it is not possible. Now I do not know how we got to be talking about Churchill Falls in this loan bill. This is a resolution to be followed by a bill to authorize the raising of a \$197 million dollars. The member for St. John's East and other members on that side of the House have talked about the great improvement that was made by them after they came in office, an improvement over the position that came under my leadership of the government.

When I had been in office six or eight or ten years, every year, most years I would bring in a loan bill, and the loan bill would spell out what the money was to be raised for, what it was to be spent on, and it would be debated and passed. Now after eight or ten years of that, I brought in, I expect nominally, it might have been the nominal Minister of Finance, I do not remember, but a bill was brought in. The Minister of Finance for twenty three years, no matter who held the office, except for one person, I held the office for a while, except for myself, every Minister of Finance was only nominally the Minister of Finance.

It was the only nominal minister there was. All other ministers were actual ministers. The Minister of Finance delivered the budget that I wrote for him, and whether the Premier writes the budget speech of not the Hon. Minister is terribly amused. If he knew as much about the government across Canada over a period of twenty three years, if he had talked with as many premiers as I have done, and as many provincial treasurers and ministers of finance as I have done, he would not be smiling. Because he would know that finance is the heart of government, and if the Premier, who is the leader of government, does not control the budget, he should not be Premier.

Now, after eight or ten years, ten or twelve years, we brought a bill into this House to bring Newfoundland - now please follow this. And if the member for St. John's East would please follow it - we brought a bill into this House, to bring Newfoundland into full conformity in that matter with virtually all the provinces across Canada -

MR. NEARY Is that Mr. Pepper who had recommended that?

MR. SMALLWOOD - virtually all the provinces across Canada, which at that time - how it is at the moment, I do not know, I have not checked, I have not enquired - but at that time in every province virtually, I would not say every province. There might have been one or two where it was not so.

MR. MARSHALL Would the hon. member permit a question?

MR. SMALLWOOD Yes, of course.

MR. MARSHALL When we formed the government, I heard the hon. member say this when he was Premier and I introduced the bill at the time to make the change and this was the rationale. So I took a look and an examination and I found, from my own personal inspection, that every single jurisdiction - and the hon. member was incorrectly advised with respect to it - that every single system in Canada, including the federal government, the financial administration act to the federal government, upon which the amendment that subsequently came through in another form because somebody else wanted to bring it in, it was his department. that every single -

MR. SMALLWOOD Provincial jurisdiction

MR. MARSHALL Provincial jurisdiction, O'k and the federal government had a bill such we have here now, the loan bill. So the hon. member was incorrectly advised then when he gave me that information. I am afraid he is operating still under an incorrect information.

MR. SMALLWOOD I do not think that I was wrongly advised, I believe I was correctly advised because if my memory serves me right and I have a very good memory. I am not this senile old creature that some people have tried to paint me. I am not senile, I have an active memory, tough resilient mind and an excellent memory. And I hope that every hon. member in this House including the youngest of them would grow up to my age with a memory as good as mine is now. I hope so, I hope they all will.

And my very definite recollection is my doing what I have done dozens of times on other matters: Take the phone and call this premier, call that premier, call the other premier. This was a favourite practice of mine..



MR. SMALLWOOD And then in addition to that, at the annual conferences of the premiers we used to meet, until I got fed up with them and stopped going, we used to meet once a year, the ten premiers, not the premier of Canada but the ten premiers of the provinces.

And I would say "What do you fellows do in this matter? How do you fellows handle this? What solution do you have for this? "We would talk over the kind of problems that would confront everybody. My own distinct recollection is either that I personally telephoned all the provinces, or perhaps one or two I could not get through to. Because I recall very positively in explaining the bill to the House here I recall positively saying, "nearly all the provinces," But I did not use the word all, because either there was a province, or there were two provinces that did not have that kind of legislation, or they had it but I did not know it because I had not been able to get through to them, one or the other of these explanations.

But at that time the rule was across Canada, and the reasoning was this: In a market-you see, the law that we used to bring in spelled out the maximum rate of interest, spelled out in it certain maximum conditions were allowable in the legislation that you bring in each year getting authority to go on the market and borrow. Otherwise the bill would have been like this bill, This bill is virtually, this resolution and the bill, virtually useless. It does not say anything except "Please, House of Assembly will you let us go out and borrow \$197 million." No conditions, no terms, not what it is for, nothing spelled out. You call that taking the House or the committee into the government's confidence?

That is absurd, it is ridiculous. Compare that to the annual bill that used to be brought in and debated in the House. Look up the statutes. Look up the loan bills that were brought in every year. until I brought in a bill to change it. Look at the bills, see what happened, and then compare those bills with this.

Now what the argument was in all the provinces was that, a government has to take quick advantage of the market, a fluctuating market.

MR. SMALLWOOD

For instance you have to know when other provinces are going on the market, you have to know when great corporations are going on the market, you have to know when the big cities of Canada are going on the market, so that you can time your approach.

And therefore you have to have freedom of action. Now each year you have to bring in a report of what you had done. But we abandoned the idea as all, virtually all the provinces of Canada had done at that point. And believe when I get an opportunity I will ascertain what the provinces are doing now. I knew what they were doing then, but I must confess I have not had any reason or occasion or opportunity to find out since then what they are doing now. Whether they have changed it or not I do not know.

MR. NEARY The present governments \$78,000 genius -

MR. MARSHALL I think the hon. member would find that when he consults with the other premiers that the power to borrow was the same power that they had to borrow in the executive council now for very temporary purposes under very strict conditions-

MR. SMALLWOOD No, No, No.

MR. MARSHALL because I say to the hon. member I have read the acts, because I was the one who did the research on this particular piece of legislation when it came in. And you know I saw them with my two eyes, and you know premiers are not obviously aware of every detail in the laws and I think the hon. member will agree. And I would suggest to him when his colleagues were saying this they were talking about roll-overs and they were talking about temporary borrowings for specific purposes.

MR. SMALLWOOD No. The hon. gentlemen - Sorry to be stubborn in this matter, because I am so completely confident that I am right in this particular matter.

MR. MARSHALL Well, I am confident too.

MR. SMALLWOOD Yes, the hon. gentlemen. But we are talking about two different times. I am talking about fifteen years ago, about, and the hon. gentleman is talking about three or four years ago.

MR. SMALLWOOD

Now I do not discount the possibility that the provinces have changed their way. I do not know. But I am talking about the way they did it at the time we did it. We did it, we made a frank imitation of what the other provinces were doing. My time must be—I have about a minute left, Well that is more than I actually need. Well more than there is any sense in using, there is no sense in using any more than another minute or half a minute.

I end as I began, that it is futile, what I am saying here is completely, it will convince no-one, it will persuade no-one it will change no mind in this chamber by as much as a fraction. Any more than did the speech by the brilliant, legal member from St. John's East, a former cabinet minister, a man who went out, I believe, on high principal. Whether he was right or wrong, from his point of view, he went out on principal, high principal. And my remarks are just as futile, and just as useless and just as fruitless as his are, as his were.

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

MR. J. CARTER: It is a good thing, Mr. Chairman, that the brothers Grimm are dead, because if they were alive they would find themselves out of employment, that their fairy tales could not possibly compare with the fairy tales we hear from the hon. member for Twillingate (Mr. Smallwood). This hon. gentleman was an absolute dictator for twenty-three years, and yet he asks us to seriously consider the possibility that he had nothing to do with, and no knowledge of the agreement signed with BRINCO and with ultimately the agreement that is now in force between Quebec and CFLCo. This is more than reason can admit. So, however, he holds it to be the case, and as it is unparliamentary to doubt the word of any other hon. member in this House, I have to take his word at face value. But I also say that it is a good thing that the brothers Grimm are dead, because if they were not dead now they would have starved to death for the want of employment.

Mr. Chairman, we have heard that the Province is in dire financial straits. I myself believe it. And just to quote a few figures, this year - and I am rounding the figures so these are approximate figures - our cost for debt redemption, sinking fund and interest are approximately \$150 million. We are planning to borrow \$197 million, round figures.

MR. SMALLWOOD: Is the hon. gentleman aware that is \$125 million in the estimate?

MR. J. CARTER: No, the debt redemption, sinking fund and interest, lumping all this as the amount -

MR. SMALLWOOD: Sinking fund and interest \$125 million.

MR. DOODY: The interest on the sinking fund which was a deduction, which I think it would go as a revenue.

MR. J. CARTER: Well, I am taking the figures from -

MR. DOODY: Anyway, I will not dispute it. Carry on.

MR. J. CARTER: It is a small matter. The figures are staggering enough. I hope I am even slightly mistaken.

Now all this is predicated on a total current income of \$651 million, and I would remind the Committee that this total current income is an estimated one. In fact, the total current income last year was only \$559 million. This year it is estimated to be \$651 million. So we are looking for \$197 million borrowing on a very relatively small current account income. Now I realize that some of this borrowing results in monies being paid back by the federal government. Some of it is for shared cost plans. And I fully realize that it is not possible to cut out all borrowing. Just by going through the budget, and department by department, one can easily see that it is almost impossible this year to cut any significant amount. But again I warn the government that unless we do this voluntarily next year the day may come, and may come a lot sooner than we think, when we are unable to take this voluntary action. This action will be forced upon us. If the day ever comes when we cannot confidently go to the bond market, and we have to live on our current account income, then we are just not going to be able to consider certain capital works.

MR. SMALLWOOD: Would the hon. gentleman permit?

MR. J. CARTER: Certainly, yes.

MR. SMALLWOOD: Would he not agree that it is not a case of cutting out borrowing, it is a case of reducing it from \$250 million, \$270 million a year down to \$30 million, \$40 million, \$50 million a year, which is probably manageable.

MR. J. CARTER: Well I think, Mr. Chairman, that this almost amounts to the same thing, because the irreducible minimum, the need to service the debt, the need to roll over certain bonds that become due, and the need to carry out a certain acceptable minimum of capital works.

MR. SMALLWOOD: Well, if the hon. gentleman will allow me again?

MR. SMALLWOOD:

I ought to have said, net, a net of \$40 million or \$50 million, because money to borrow, to roll over, to pay off a maturing debt, that does not add to the debt, unless the rate of interest is higher.

MR. J. CARTER: Yes, I agree, Mr. Chairman, that the money used for roll overs does not increase the net debt of the gross debt of the Province.

MR. DOODY: At the current rate of interest.

MR. J. CARTER: The Minister of Finance has just reminded me that when you roll over a debt, you do so at the current rate of interest, and it is very interesting to look through the budget and notice that some of the borrowings soon to be due are three and three and one-half per cent.

MR. DOODY: That is right. It has got to be replaced by ten and ten.

MR. J. CARTER: Ten and ten, .

One other point I would like to make before I go on, and that is that a lot has been made of \$1 billion budget and \$1.25 billion budget, but we must remember that the inflation that has taken place has just about halved the value of money since the middle 1960's.

MR. SMALLWOOD: But not since last Spring, Spring of last year.

MR. J. CARTER: No, but since the middle 1960's, so that when the former Premier or the former head of the government or head of the former government - however he wishes to style himself -

MR. SMALLWOOD: I was never the head of any government.

MR. J. CARTER: Mr. Chairman!

MR. SMALLWOOD: I was not.

MR. J. CARTER: The hon. member for Twillingate (Mr. Smallwood) -

MR. SMALLWOOD: Newfoundland had only one government, the Queen's government. There was not a second one, mine.

MR. J. CARTER: This is splitting hairs to an absurd degree.

MR. SMALLWOOD: It is not.

MR. J. CARTER: Mr. Chairman, I am sure the average person on the street is not aware of any possible distinction there.

MR. SMALLWOOD: But we should be.

MR. J. CARTER: Mr. Chairman, it is stretching our imagination too much to accept the fact that the hon. gentleman was not only the chief of state, but he was the beginning -

MR. SMALLWOOD: I was not the chief of state.

MR. J. CARTER: - the be-all and end-all for twenty-three years and brooked no interference, and no discussion, and no one could disagree with him. In fact he was all the ministers. He says he was the Minister of Finance. I maintain he was all the ministers, all rolled into one, and this is one of the reasons why his government came to the collapse that it did come to, because no one man can do all these jobs, however good.

MR. NEARY : Propaganda. Malicious propaganda.

MR. J. CARTER: Now, Mr. Chairman, I do not wish to take too much of the Committee's time, but I call upon the government to reduce its capital expenditures. And I am saying that if they do not do it, that this decision is going to be forced upon them. And this is unfortunate, but this is the case. And, therefore, I rest my case.

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

MR. SIMMONS: You cannot move the adjournment though, really, can you?

MR. WELLS: I think the Chairman simply leaves the Chair at six o'clock to come back at eight o'clock.

MR. SIMMONS: Yes, perhaps the Chairman could call it six o'clock. It is not really time to get into my remarks. I only intend to be five minutes or so, but I could not clue up before six o'clock, Mr. Chairman.

MR. CHAIRMAN: It now being six o'clock I do leave the Chair until eight o'clock this evening.

The Committee resumed at 8:00 P.M.

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

MR. R. SIMMONS: Mr. Chairman, I have said essentially what I want to say on this particular bill, I just rise now to correct an impression which either I left with the Committee or the member for St. John's East (Mr. Marshall) may have left on my behalf with the Committee, in responding to some remarks I had made earlier in the Committee this afternoon. He gave the distinct impression that perhaps I was not aware of the provisions of the Financial Administration Act or in particular the requirements on government that all borrowing ought to have and must have under law the prior approval of the House. Of course, I am under no illusion on that particular matter at all. Indeed, I did not refer to that directly. The burden of what I wanted to say this afternoon, I believe, said rather clearly is that, it seems to me a bit of a mockery for a government to come into the House in the month of June for permission, for authority to borrow monies related to an overall financial programme. Already more than two years, two months rather, more than two months of a new fiscal year has gone by.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: I will take my time. I have got lots of time.

MR. CHAIRMAN: Order, please!

MR. DOODY: I would like to hear the hon. member of the Opposition critic.

MR. CHAIRMAN: Order, please! Would hon. members do the hon. member for Burego-Bay d'Espoir the courtesy of remaining silent while he addresses this House? The hon. member for Burego-Bay d'Espoir.

MR. SIMMONS: I was saying, Mr. Chairman, I think it is a mockery really for the government to come here two months into the fiscal year seeking authority to borrow. I recognize that if we do not grant that authority then the money does not get -

MR. DOODY: Would the hon. member speak up a little because I am finding it difficult to hear.



MR. SIMMONS: I would think the minister is finding it a little difficult.

Mr. Chairman, now that we have had certain important matters relating to the coalition determined, we can proceed with the mundane subject under discussion.

MR. COLLINS: What is the mundane subject?

MR. SIMMONS: The approach is mundane.

MR. SIMMONS: Thank you, "Harold," one of my best fans.

Yes, Mr. Chairman, perhaps the approach is rather mundane, perhaps it is. I am under no illusions of course that the government cannot, technically cannot, cannot borrow without the approval of the House or prior approval of the House. But the government would be in pretty desperate straits indeed having gone two years into the new year's fiscal programme if the House were to deny it the authority to borrow at this point. And I am not at all under any illusions as to how the vote would go when the time comes. We recognize the government has the majority in the House.

But, Mr. Chairman, if this process of our monitoring the finance of the Province is to be at all meaningful, it has to be done before the fact, and that was the essential burden of what I had to say this afternoon.

MR. DOODY: Is the hon. member for Port de Grave a member of the coalition?

MR. SIMMONS: No. I am aware that the member for Port de Grave (Mr. Dawe) is not a member of the coalition. He has told me himself as a matter of fact, Mr. Chairman, that the records show that no way does he want to be associated with the coalition. It is so hard - everybody has eaten so well, and so late, Mr. Chairman - it is so hard to get into such subjects as unimportant as \$197 million in borrowing. It must be - it is rough indeed. I believe though I have conveyed the essential point that I wanted to convey. I was

Mr. Simmons:

a little afraid that perhaps the member for St. John's East (Mr. Marshall) had misconstrued what I had said, I do not say he did it deliberately. I am sure he did not. But he did imply that perhaps I was not aware of the requirement that the government must come here to seek borrowing, to seek approval to borrow. Of course, we are quite aware of that, Mr. Chairman. We would be a lot happier to participate in the procedure if the government came much earlier in the game, That was the overall point I wanted to make this afternoon, and I rise now to re-emphasize.

MR. CHAIRMAN: The hon. the Premier.

PREMIER MOORES: Mr. Chairman, by leave of the House I would like to make a statement if I could.

MR. CHAIRMAN: By leave?

SOME HON. MEMBERS: By leave.

MR. CHAIRMAN: Agreed.

PREMIER MOORES: Mr. Chairman, the timing of by-elections had to be decided whether they would be before the Summer set in, the 1st. of July or whether they should be early in the Fall. The fact is that we feel on this government side that representation is important in the House.

SOME HON. MEMBERS: Hear, hear!

PREMIER MOORES: And even though the House will not be sitting probably until late Fall, it probably is very wise to have the elections, and it is wise to have the elections before then. As a matter of fact we feel, as soon as possible, for the obvious reason of representation. I wish the House had been closed, Actually I would have liked to have called the election earlier, but the House being opened, in my opinion, there was so much business on the Order Paper at that time, I thought it was wrong to call the elections during that time, but you can only wait so long in that regard. The fact is that it is just short of two months before the final decision was made in Bonavista North, in the courts, as to what the

Premier Moores:

situation was and we wanted to call the three of them together.

The fact is now that whilst that is two months, unlike the Federal by-election which was some thirteenth months unrepresented which I think is very wrong - the fact is, Sir, we want to get these elections over with, I think, fairly quickly. The fact is we feel that we want the people to have an opportunity to vote a member for the government, and back us on our priorities or to elect a member of the Opposition irrespective of which party in the Opposition it might be.

We think a turning point in this Province is upon us now whether it be negotiations we are having, or the court case or whatever the case might be with Quebec, whether it is the 200 mile limit in the fishery, the potential of the future, whether it is the resource priorities of our Province that we are trying to outline. As a matter of fact it is a very historical time in our history. The fact is, Mr. Chairman, I spoke to the Lieutenant-Governor today, and the writ has been issued and the elections will be on June 30.

SOME HON. MEMBERS: Hear, hear!

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

MR. ROBERTS: Thank you. Well, Mr. Chairman, to say that the Premier's announcement is welcome is an understatement of historic magnitude. We on this side have been hoping for some considerable time that the Premier would do just as he has done today and advise his Honour the Governor to issue the writs to return members in the three districts which do not have members in this House at the present moment, Bonavista North, Ferryland and Exploits. Our one regret, if we had one, would be that it is only three districts and not fifty-one which will be electing members on June 30.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: This is not the place, Sir, to begin the campaign although the Premier took a gentle run at it and perhaps I may be allowed a word or two, I think it is high time the people of this Province were allowed to decide on the issues, and I would hope that

Mr. Roberts:

government will stand on their record because I think they must stand on their record. And I would hope as well that if the Premier chooses to bring the negotiations with Quebec into it, he will not be guilty of bringing into a partisan conflict, matters which are above partisanship and which have the support of all parties.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS All I will say, Sir is that we expect a powerful fight to take place in these districts. We happily leave it to the decision of the electorate, and I would think, Sir, that the most useful thing that we could do now is conclude this session which has gone on much too long and has accomplished much too little. And the most important business before us now, once we clean up the financial legislation, which must be dealt with in the interest of the province, is the flag and the lottery and that is an indication of this government's legislative priorities. So let us take it to the people, Sir, and let us at it.

We welcome the news.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Hon. member for Twillingate.

MR. SMALLWOOD: We are quite anxious in this small party to become three bigger than we are, so we are very happy that these by-elections are on. We will be a larger party, I think, after the three by-elections.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: May I be allowed a few words Mr. Chairman?

SOME HON. MEMBERS: By leave.

MR. CHAIRMAN: The hon. Minister of Finance.

MR. DOODY: May I be allowed a little anti-climax and get into the \$700 million or \$800 million?

MR. SMALLWOOD: Now, the minister is now -

MR. DOODY: attempting to speak to the resolution that is now before the House which is permission on behalf of her majesty to bring in, to ask permission of the House to authorize the raising of a sum of a \$197 million. And I realize that that is of small consequence in relation to the announcement just made by the hon. Premier. I realize that the next time that such a bill is brought before the House it will be a great deal easier because the government side will be that much stronger -

SOME HON. MEMBERS: Hear, hear!

MR. DOODY and there will be that many more people on this side of the House. However, since this is not a partisan measure I certainly will not dwell on that area. I did jot down some notes while hon. members were speaking to the resolution today, Your Honour, and the first set of notes dealt with the points raised by the hon. member from Burgeo - Bay D'Espoir who spoke on behalf of the official Opposition.

Most of the points that I had made have already been dealt with by the member for St. John's East and I think that the member from Burgeo - Bay D'Espoir just commented on them. He spoke, the hon. member of the opposition critic on finance, of the charade of bringing before the House a loan bill such as this. "A rubber stamp system", he called it. He talked of interim supply, supplementary supply, and the loan bill as all being rubber stamp items which are brought and paraded before the House as a matter of course and as a matter of form, and which really have no significance. The hon. member I think, as was pointed out earlier, obviously, misses the whole significance of the process.

If this hon. House does not pass interim supply or supplementary supply or the loan bill or any of the financial bills, then the government will cease to be a government by British tradition. And I think that this is not a charade or not a rubber stamp process, it is the whole heart and substance of the parliamentary process, as I understood.

SOME HON. MEMBERS Hear, hear!

MR. DOODY We are asking this House, the people's representative, to grant unto Her Majesty these amounts of monies and if the House refuses to grant these amounts of monies to us, then the House, under tradition, I think, dissolves. The Premier presents himself to Her Majesty's representative and says that he no longer has the confidence of the House and goes back to the public. And I think that this is no charade, this is the whole sum and substance of the process.

The fact that we are bringing this bill before the House gives the members, the elected members, the representatives of the people the opportunity to debate all the various points that were raised

MR. DOODY

by members during the course of debates this afternoon. And I think that is certainly not a rubber stamp item. I think it gives people an opportunity to raise any points in the financial position of the province, the financial aims, objectives, policies and so on. And for the hon. opposition critic to call this a rubber stamp process, I think, really is an insult to the whole system.

But I think the hon. member's point, as to the rules of the House, whether or not the bills have been called in the proper order, whether the budget speech will go before the estimates, whether the supply bill should come before some other bill, may very well have some validity. I do not think that there is anybody in this House today, in this hon. House who feels that our House rules are adequate for the numbers of people who are now sitting in this House. I think that there are opportunities for change and I think that during the summer, hopefully, the representatives of all factions in the House will get together and try to streamline or make more efficient the rules.

But that does not change the basic principles of this bill. This bill is a radical change, a radical departure from the previous system in which authority to borrow was granted by an Order in Council with no reference to the House of Assembly. I think the hon. member for St. John's East was instrumental in having that system change. I think he was by and large the author of the legislation which makes it mandatory for the government to bring before this hon. House each year a loan bill asking for permission to borrow the amounts that they feel are necessary to carry on the business of the province.

Now the point of efficiency was raised and, you know, that is neither here nor there. Mussolini was reputed to be efficient. He made the trains run on time and so on. But I do not really think that is what we are getting after. It was mentioned here that information had to be dug out, that the financial information that is now before the House had to be dug out. It did not have to be dug out at all, Mr. Chairman. All the information was before the House at all times. The budget, if anybody had bothered to go through

MR. DOODY

the budget document, through the various appendices, through the summaries and through the various areas that are involved there, they could see exactly what the financial position is, where we stand, what the money is to be used for, what amounts are statutory and what amounts are not.

The hon. member for St. John's East, had absolutely no problem at all in identifying the areas of borrowing and the areas of concern. He had no problem even in finding out which particular bond issues, back ten, fifteen years ago, which did not have sinking funds attached to them and which were unincumbered and which had commitments and which were due at which interest rates. It is all here for anybody who wants to look at it. The writing of the prospectus, which the hon. member for Lapoile says should be changed, it is available. It is there. It is a matter of public information.

Anybody who knows anything at all about public finance, knows that one does not fool around with a prospectus. The first time that somebody misrepresents to the financial community, the state of the finances and the state of the credit of the province, the first time that happens, Your Honour and it is called, the province is in a sad state indeed because it will be the last dollar or the last cent that will be raised. Now the hon. member for Lapoile in his own inimitable fashion is over there now talking about. It is not the facts that he wants changed. But as I remember it, Sir, during our \$50 million issue which we spoke about some time ago and which was on the table down in the New York Market, well we were called before the SEC in Washington to explain certain documents which had been mailed to the SEC in relation to some alleged actions that disgruntled the shareholders, their affiliates had against the province.

At that time we had to change the prospectus, We had to change the wording of the prospectus. The hon. member for Lapoile reminded us of this in the debate this afternoon. The representatives of the government of Newfoundland were sent to Washington, I was the Minister



MR. DOODY: who sat before the tremendous bench there. The Supreme Court is only a small imitation of this great judicial process they have there with great leather chairs up on a bank behind a table, and we sat there in fear and trembling while the fiscal powers of the U.S. quizzed us. The grading position was only a joke compared to the drilling that they gave us, because of the letter which arrived down there from some disgruntled shareholder or shareholders of Canadian Javelin alleging all sorts of terrible things, that the Julienne Lake thing was all out of order, that the Government of Newfoundland owed all sorts of money to Mr. Doyle and his associates on the Julienne Lake thing as well as on the Javelin Linerboard thing and so on, who has demonstrated to the satisfaction of the SEC that these things were of no material consequence to the Province. We did have to enter them into the prospectus. And that is the change in the prospectus that the hon. member alluded to a little while ago. Well subsequently, Sir, a judicial process has taken place. These cases have been brought before the Supreme Court of Canada and were expeditiously dispatched, thrown out, disregarded, were treated with -

DR. FARRELL: Supreme contempt.

MR. DOODY: Thank you, Sir.

- and are no longer an issue so that although this \$800 million which was of tremendous concern to the financial community in the United States at the time, it is now not a matter of concern any more, because the Supreme Court of Canada has said that they are not going to deal with it.

Now, Sir, the public relations that the hon. member discussed is of concern to me, and I think he is absolutely right. I think he is dead on. This Province has got a terrible image outside Newfoundland and Labrador. It has got a message that has to be told, and it has got a message that has to be told quickly. We have got to get our side of the story across, and I think that everybody

Mr. Doody.

in this House, everybody in Newfoundland and Labrador have got to get together on this thing. And you can forget the partisanship as far as this is concerned, because I agree completely with the member that it is an absolute essential. Last year or maybe it was the year before last, the Department of Industrial Development, together with the Department of Finance or the Government of Newfoundland, organized a series of luncheons which were to be held in New York and Boston and in other cities in the United States to just what the hon. member suggested today, to invite members of the financial and industrial communities and to explain and to tell the Newfoundland story. Well after the first two, the one in Boston and the one in New York, both of which were well attended and in both of which incidentally I was served with a law suit, one with the compliments of the state of New York and one with the compliments of the state of Massachusetts.

MR. NEARY: Did it spoil your dinner?

MR. DOODY: Well I was rather impressed with the first one. I must say that this very fine, young gentleman came over to me and said, "Are you Mr. Doody?" And I said, "Yes." And I smiled being delighted to be recognized in this huge city and he said, "Are you the Minister of Industrial Development?" And I was even more impressed with that Your Honour that he should know that I held such an important post. And I said, "Yes, I am", and smiled again. So he held his hand out, and I held my hand out, and he slapped a big summons on me and said, "Compliments of the Commonwealth of Massachusetts."

MR. NEARY: Do you know Mr. Barfoot down at the Supreme Court?

MR. DOODY: Not yet.

MR. NEARY: Well I got enough of his home to paper a bedroom.

MR. DOODY: I see. Well yours are all local, I think. You know this is the difference between you and I. I am gone international.

MR. NEARY: I deny it. I deny it.

MR. DOODY: Yes, you should head for the stars per astra ad astrum.

MR. DOODY:

But anyway the point that I intended to make, and I could not, I figured, but as a matter of fact now that I think of it - the hon. Premier is not here - but it was he who pointed me out to the summons server. After receiving his own, he said to the gentleman, "Have you got everybody?" And he said, "I do not know this fellow Doody." And Premier Moores said, "That is that little fellow over there."

MR. NEARY: Well these were the side effects.

MR. DOODY: Well this is the point. These luncheons - there were only two of them - these were side effects, and these little nuisance suits which were laid on us at that time and have since been thrown out of court, did not help in anyway in our credibility, but we did have great turnouts there. We did have a chance to - I remember the one in New York was chaired by Ted Sorenson, Theodore Sorenson the speech writer, competent associate friend of the late President Kennedy. Mr. Sorenson is a good friend of this Province, a great friend of ours, and he very graciously chaired the luncheon down there, and invited through his own efforts in conjunction with ourselves, many of the most influential people in the area. But when we came back to the Province, there was nothing but jeers and jeers and howls from across the floor. I remember the hon. member for LaPoile (Mr. Neary), who today is calling for public relations efforts and the story should be told across the country and across the world about Newfoundland's story. He called it, "Frankie Moores' Road Show," I think. "The travelling circus is on the road again," he was saying. "Look there they are down in New York making fools of themselves." What we are doing is exactly what the gentleman is now advocating that we should be doing. We are down telling the story of Newfoundland.

Now, Your Honour, we cannot have it both ways. Now that we have got a public endorsement of the hon. member for LaPoile (Mr. Neary), and we have got a public endorsement of the rest of the hon. members opposite, people on this side of the House,

Mr. Doody.

there is absolutely no doubt about where their feelings are. They want to sell Newfoundland's story. And I feel we can go ahead and do a good PR job this coming Summer and sell the Newfoundland story, and we want to go through, we want to meet the industrial community. We have to meet the financial community, and we got to tell them that this Greenpeace stuff is a lot of garbage, that all this Brian Davies stuff is a lot of garbage, that all this John C. Doyle stuff is a lot of garbage, that the fact that we now have a Come-by-Chance thing is only a temporary problem, and it is going to be resolved. It is not material to the financial position of the Province. That \$42 million is a lot of money but it is not enough to drive this Province into bankruptcy. It is a temporary disbursement. All these stories have got to be told. We are going to have to get together, all of us, and tell that story, because this is the heart and soul of the Province of Newfoundland.

Now having gotten that invitation from all you hon. members opposite, I am quite prepared to take off tomorrow, and move around to these various places and do these things.

MR. NEARY: Do not take half the Cabinet.

MR. DOODY: But I will not take half the Cabinet. It will be a very select group.

MR. SMALLWOOD: Will the hon. gentleman get any farther than say, Ferryland?

MR. DOODY: I think that is a very fair question.

MR. LUNDRIGAN: It takes a month to plan it all.

MR. DOODY: I think you are probably right. I think Ferryland would be about my limit.

MR. SMALLWOOD: I wish the hon. minister would drop the word 'you' in this House except when he is addressing the Chair.

MR. DOODY: I was addressing the Chair. I always address the Chair.

MR. SMALLWOOD: You looked at me.

MR. DOODY: I always look at you, Sir.

SOME HON. MEMBERS: Oh, oh!

MR. DOODY: With great respect, Your Honour, it is going to be very difficult for the hon. member for Twillingate (Mr. Smallwood) to get a rise out of me as he said earlier this afternoon. I realize very much his respect for the House, and for the traditions in the history of the House. I notice that whenever anybody on this side of the House refers to government it has to be referred to as Her Majesty's Government. On that side of the House it was expressed a different way. It was always, my administration or my government and so on, but I can well understand that, and I can appreciate it, and I respect it.

MR. SMALLWOOD: I never said, my government. I never said it in my life.

MR. DOODY: We will get the Hansard out today. Anyway that is neither here nor there, Sir. These are irrelevancies, and they simply slow down the debate. I do not mean to be disrespectful. It is just the fact that I do not have the formalities. And when we get into a banter back and forth, it is very difficult to stay on the formal matters that people with greater experience or more learned people can get involved in.

The hon. member for St. John's East (Mr. Marshall), I think, raised the really pertinent points here today, the points in terms of the borrowings, and I think he is absolutely right. The NMFC borrowings of \$25 million, which we go for each year, and have been for the past few years, they are in large effect long-term financings of the bill which we saw before this House yesterday. The bill yesterday was in the amount of about \$21 million. I think the bill for the coming year will be in the same area of maybe \$1 million one way or the other. This sounds kind of inconsequential, but I do not mean it that way. I mean that we want to keep it well below the \$25 million limit so that hopefully we can stay within that

Mr. Doody.

area in terms of interest and principal over a long term.  
It is an ongoing thing, It is a growing thing. There has to  
be a limit put on it. The \$25 million is an arbitrary one, but  
as hon. members here have said, "If money has to be spent - and  
obviously it does have to be spent - then what better efforts  
can it be spent on than pure water or sewage systems in communities  
of the Province.

Mr. Doody:

That NMFC \$25 million effort will continue this year, We will go to the market and try, and will, I have no doubt, raise the \$25 million. The \$160 million for the Gull Island, or for CFLCo rather, purchase is an ongoing item which never does seem to get itself properly resolved or explained to the House. I know the Minister of Mines and Energy went through it on several occasions. I think, that if anybody bothered to dig out the Hansards of the hon. member for St. John's West (Mr. Crosbie) they would get a far more comprehensive and a specifically detailed explanation - and I have time to go into it this evening.

But the matter is simply this that the purchase was arranged through the Bank of Nova Scotia who supplied the \$160 million that was necessary. Now there was a two year moratorium on which no debt repayment was required, no principal repayment was required. The interest during that two years was capitalized and added to the \$160 million, so that brings us pretty close to the ball field of \$200 million which we speak of.

Now after year two, which is this year, we get into the five year repayment programme of that loan. We have undertaken with the Bank of Nova Scotia to repay the loan in five installments, five years. That works out to about \$27 million a year, because \$30 million of that \$160 million has been applied to the Province's debt, and NIDC are looking after that, and that is the water rights area, that is the Province's purchase of water rights. The assets of CFLCo's shares, or the two-thirds ownership of the shares are valued at \$130 million, and the Hydro people or the Newfoundland and Labrador Hydro Corporation have taken responsibility for the repayment of the \$130 million. Well one might well say, it is all coming out of Her Majesty's purse, and that is absolutely correct. But for bookkeeping purposes: at least \$30 million is an NIDC commitment, Newfoundland Industrial Development Corporation, that will be done in installments of about \$9 million a year which will be converted into long term debt each year, \$9 million will be taken from the

Mr. Doody:

borrowing programme. The \$197 million bill that is before the House this evening, there is \$9 million of that will cover the first installment of the NIDC payment for the water rights of the Upper Churchill, of the CFLCo's shares, and that will continue. And so the interest on that can be spread out over a varying period or years. The interest will be spaced.

The \$130 million which Hydro takes the responsibility for will be done in five installments each year which is \$27 million, \$25 million converted to long term each year, for five years, is a long term debt.

Now we come to the dividends portion. The dividend according to the schedule supplied to us as the major shareholder, the dividend schedule indicates that we are entitled to sufficient income to pay off interest and principal on that \$160 million or that \$130 million in a twenty year period. Over the twenty year period the interest and principal of the purchase of the shares of CFLCo will be paid off •

MR. SMALLWOOD: Starting when?

MR. DOODY: Starting this year.

MR. SMALLWOOD: No, starting to pay off?

MR. DOODY: The principal, the first dividend payment will be received to the Province this year. The entitlement will, of course, not be known until the dividends are declared, but it is somewhere between \$10 million to \$14 million. It sounds like such a wide scope, \$4 million seems like, will to the Newfoundland Hydro, Newfoundland and Labrador Hydro, who will receive something between \$10 million and \$14 million in dividends in this coming year, and that will be applied against the debt.

MR. SMALLWOOD: How far will we go?

MR. DOODY: Well we have to roll over \$27 million this year and we will get somewhere between \$10 million and \$14 million. I am not going to get into a dialogue with the hon. member now because I am not up to this.



MR. SMALLWOOD: I do not want an argument. Would not the minister -

MR. DOODY: No. I am not disagreeing with the dialogue, I mean I am not up to this.

MR. SMALLWOOD: No, I do not want even any dialogue. Would the minister -

MR. DOODY: I would lose my train of thought. I do not have the ability of most members of the House in this area.

MR. SMALLWOOD: The modesty of the minister is overwhelming.

MR. DOODY: I do not want to overwhelm you.

MR. SMALLWOOD: The minister tells us that in a period of twenty years the dividends to be received over that period will amortize, will wipe out the liability, and the receipt of them begins this year or next year.

MR. DOODY: This year.

MR. SMALLWOOD: But when will the receipts to the government or to Hydro Quebec, Hydro Newfoundland, when will they be enough, when will be the first year when they will be enough to meet the debt of that year?

MR. DOODY: I do not have the schedule in front of me, Sir, but after twenty years the interest and principal will be retired. Now somewhere between year one, which is now, and year twenty which is obviously twenty years from now, you will meet the break even point and then you will start to get into the retirement of the effort. And I have asked Hydro to supply me with the schedule and it did not get up here before the House reconvened this evening, because it is -

MR. SMALLWOOD: Fair enough

MR. DOODY: - an important item.

MR. SMALLWOOD: There might be a deficit for two or three years before -

MR. DOODY: That is right.

MR. SMALLWOOD: - it catches up.

MR. DOODY: There certainly will be a deficit for at least two or three years.

MR. SMALLWOOD: In a couple of years it will be wiped off the record.

MR. DOODY: Within the first two or three years there certainly

Mr. Doody:

will be a deficit. It may be five or six years, and that is why I hesitate to commit myself to the House because I do not want to mislead the House. But in the schedule as it now is demonstrated under the profit picture that is projected - and the profit picture is pretty well organized in that agreement as the hon. House knows. It is pretty well written in there. The mill rate is established, and the return to the investors, the bondholders is pretty well established. Well it is not pretty well, it is definitely established. The trust deed is one of the most ironclad, castiron hardbound, copper fastened, copper riveted documents that have ever been invented by a group of legal experts from three or four different countries that has ever seen, you know, that has ever seen the light of day.

MR. SMALLWOOD: Not only legal, but financial.

MR. DOODY: Well, when they get up into that range, the titles are pretty well interchangeable in terms of finance.

So the point that I was trying to make is the fact that the acquisition of the CFLCo operation, quite apart from the obvious advantage of recovering that resource for the Province, the water resources of Labrador, quite apart from that, the indications are, not only the indications but the projections done by these people, and not our own people, by the bond people under the trust deed indicate that the investment will be liquidated over a twenty year period. Now the first two or three or four or five, and maybe six or seven years we are going to be on the downside of it. After that we will get on the upside of it. And it was no mistake, it was no blunder, it was no goof. The longer that we hesitated to buy the shares of CFLCo from BRINCO, the more expensive they would have been because the more solidly established would be the equity position of the shareholders in there. If we had bought it two years before we did, we would have been able to pay it out that much more quickly. If we had waited for another two or three years it would have been that much more expensive. The value of the holding would have had

Mr. Doody:

increased, it would have appreciated rather than depreciated. Because it is a copper fastened, guaranteed arrangement for the bondholders and that is why I have to comment on one of the items that was raised here earlier, and I have to endorse whole-heartedly and without recourse what the hon. member for Twillingate (Mr. Smallwood) said, that we just cannot, no matter how motionally or how diligently we want to do it, we just cannot talk irrationally about pulling a plug, or pulling the switch or hitting the button and so on, And God knows there are many of us here in Newfoundland who would love to do that. But the fact remains that there is a \$700 million trust deed sitting in there. These bonds were sold at 7.5 per cent to 8.5 per cent. I imagine there are many of the bondholders now who will be just happy to move in under a default, grab their money back and invest it in 10.5 per cent or 11 per cent money. And it would be foolhardy, irresponsible, And-although I must say I have to emotionally agree with the people of Newfoundland who want to pull the switch, In all fairness, and justice, and in all sanity, one cannot do it.

The hon. member for

MR. MOODY:

for Twillingate (Mr. Smallwood) discussed other items of course. In his response to a question raised by the member for LaPoile (Mr. Neary) he said that the Premier of Newfoundland was not - I should not put words in the hon. member's mouth - he said, "He did what he had to do and what he should have done and what his responsible course of action was. He was absolutely correct. He went to the province of Quebec, to Premier Bourassa and said, "We need 800 megawatts of power to satisfy Newfoundland's needs, Newfoundland and Labrador's needs during the coming years. Please give them to us." We went down the whole line for the past several years to Quebec Hydro, through the various ministries, through the officials and through the Prime Minister, as he calls himself, of Quebec. That had to be done. That was not irresponsible. There is no red herring being dragged across here. It would be absolutely foolish to suddenly out of the light of day send a demand note to Churchill Falls Corporation and say, "Send us 800 megawatts or we will go to court." I mean that would be irresponsible, complete madness. That would be an insult to the province of Quebec and Canadian Confederation. These things are not done.

The fact that the province of Quebec acts irresponsibly, that they do not behave like citizens of Canada, like responsible partners of Confederation, certainly that is no excuse for us to act like barbarians and to throw our gauntlet in the face of these people without first going through the bargaining process anymore than it would be to tell a union what it had to do or to tell a company what it had to do. You go through the negotiating process first. We were driven to the courts by the attitude of the province of Quebec. We were driven to the courts by the public comments of the Minister of Mines and Energy of the province of Quebec. We were driven to the courts by the irresponsible attitude of the province of Quebec.

The member, Mr. Cournoyer, who stands up and puffs out his chest and says, "We want x number of square miles of Labrador and then

MR. DOODY:

we will talk to you about the price of power," is not only insulting the minister he is talking to or the Premier, he is insulting anybody in Canada who has got a grain of common decency or sense about him.

MR. SMALLWOOD: Has the minister often heard Jean LeSage?

MR. DOODY: Yes, they tell me that the only ego greater than Jean LeSage's was Mr. De Gaulle's and after Mr. De Gaulle there was, I think, God and there was some doubt about the order of precedence. I do not know if that is actually true or not.

MR. SMALLWOOD: No that is not. Would the minister like to hear the actual words?

MR. DOODY: I read it somewhere. Maybe it was in some book written by -

MR. SMALLWOOD: "Having dealt so closely with Premier LeSage, I can only marvel at the humility of General De Gaulle."

MR. DOODY: That is it. I was mixed up with Ray Guv's quotation of God walking the respectable two paces behind the hon. member for Twillingate (Mr. Smallwood).

The point was raised here earlier today also that the hon. member for Twillingate (Mr. Smallwood), who was the then Premier had not been involved in a contract between CFLCo and Hydro Quebec. I honestly believe that that is absolutely true although there was some member on this side of the House, I think, who doubted that. But I know it is true because we have a copy of that contract from a government of another province. There was no copy of the contract here in the Province of Newfoundland. That is an incredible statement of fact but that [Upper Churchill] negotiation deal contract that was done between CFLCo and Hydro Quebec was negotiated without reference to or the involvement of representatives of the Province of Newfoundland.

The Province of Newfoundland had - because it owned part of it - the Province of Newfoundland, as I remember it, had some \$9 million, I think it was, in shares in the thing to help move it along at one point when it was bogged down, and gave the Province the right to have

MR. DOODY:

a member on the Board of Directors. I think it was Mr. Hobbs if my memory serves me correctly, the then Chairman of the Newfoundland Hydro who was the Newfoundland designator.

MR. MURPHY: Mr. Howard Green of the Power Commission.

MR. DOODY: The Power Commission, the Newfoundland Power Commission.

SOME HON. MEMBERS: Oh, oh!

MR. DOODY: And he was not even given the courtesy of being made a member of the executive committee that negotiated the contract. So it is little wonder really that we are in the position that we are. The deal that was arranged was a deal of history and I suppose there is not much point in kicking it around. It will continue to be kicked around because it is a very controversial and a huge area.

But the tragedy of it is, I suppose, in retrospect - and we have said it before and it will be said again - is there there was no reopener clause in there. It can be said that if we had insisted on a reopener clause or if somebody had maybe there would not have been a contract. In retrospect maybe that would not have been a bad thing. But hindsight is something else.

But I must say again, Your Honour, the point that I raised in the beginning, that the purchase of the shares of CFLCo from Brinco was no mistake. It was no blunder. It was no goof. It was no error. It was done deliberately with great thought, with a lot of research, great soul-searching. It was done simply because at that time it was evident and it is even more evident today that the financial, economic and social security of the Province of Newfoundland and Labrador depends to an extent - it can be exceeded in no other area - on the accessibility of the hydro resources of this Province. In an attempt to get control of these resources we took the rather unusual step for a so called Tory Administration of gaining control of CFLCo. For that, Sir, - and I was involved in the discussions from the beginning, the long, laborious, tedious and frustrating discussions

MR. DOODY:

with Brinco when we were trying to persuade them that they should look this way, look towards the Island rather than towards Quebec in terms of development and went through that meeting, after meeting, after meeting and could never get to first base with it.

DR. FARRELL: A year and a half.

MR. DOODY: A year and a half. We went through all sorts of reasons why it could not be done. People who talk about listening to the advice of officials, and listening to the advice of technicians, and listening to the advice of engineers should have heard the advice that we heard from the Brinco people, the experts and they are experts. They have tremendous resources.

But it was evident from the start that either that power came down through Labrador for the benefit of Labrador and down to the Island of Newfoundland for the benefit of Newfoundland that there was no future. So we took that gamble or what appeared to be a gamble which is now, I think, turning out to be one of the most magnificent efforts that any province has ever taken.

MR. SMALLWOOD: Would the minister allow a question?

MR. DOODY: Certainly, Sir.

MR. SMALLWOOD: Suppose the government had never bought Brinco's controlling shares of CFLCo and the government today did not own any shares except those that were brought under my administration which would be worth eight or ten per cent of the total shares, suppose that was the position and the Government of Newfoundland wanted what it now in fact does want, some of that electricity, 800 megawatts, would the Province be any worse off now in going to court which is where they have got to go, would they be any worse off going to Quebec if they were not owners of the controlling shares?

MR. DOODY: That question, I suppose, could probably be answered by a lawyer because you are talking about that particular court case. But the point that I was making was that we are not talking only in terms of the Upper Churchill. We are talking about the water rights in Labrador. The 5,000 megawatts that are being produced in the

MR. DOODY:

Upper Churchill are only a very small portion of the potential that was involved in the deal. There was another 5,500 megawatts sitting around Labrador which was also under the control of Brinco. We were not only looking at the present situation which may or may not be only affected by this particular court case, we were talking about the right to develop the Province's resources in Newfoundland and Labrador and you cannot develop the Province's resources unless you have control of the water rights and you cannot have control of the water rights when you have to go to Mr. Mulholland and ask his permission about which river you are going to develop. You cannot go to Mr. Mulholland and say, "Is it in the best interests of the shareholders of Brinco, if we are going to charge such and such a rate for power to the Iron Ore Company of Canada?". You cannot go to Mr. Mulholland and ask him if it is in the best interests of Brinco shareholders, some of whom are Rio Tinto with mines in Australia, and mines in other parts of the world. And Rio Tinto God knows - I have heard members here talking about corporate citizens and mining companies. I do not know if anybody has read the Rio Tinto story and saw some of their efforts in Spain and in



MR. DOODY:

Bougainville and in Australia and somewhere would make you shutter.

MR. SMALLWOOD: There is a whole book out about it.

MR. DOODY: There is a whole book out about it. If somebody thinks that - and I agree with those people who say that ASARCO in Buchans is one of the corporate criminals of all time. They should have a look at the Rio Tinto people who are the major efforts in Brinco and see what kind of a bargaining position this Province is in when we talk about the social rights and obligations of that company in dealing with the citizenry of the Province of Newfoundland, whether or not we should have power at an economical rate and whether it is in the best interests of this Province to develop x river or y river or the Lower Muskrat or the Gull Island or what have you. These people are none the least bit concerned about that. They are interested in corporate dividends and corporate profits and that is their business and they do it extremely well. As a corporation they were magnificent

As developers of the Province and as people who are interested in the Province's survival, there was a complete disaster and we took the step we did. I certainly will never apologize for it. I think it was a magnificent effort and it was one that I was very proud to be involved in and will continue to be proud to be involved in.

The government of this Province, Sir, as now constituted, makes no apologies for its decision on the acquisition of the CFLCo shares.

MR. J. CARTER: Hear, hear!

MR. DOODY: Now there is no indifference at all in this House or on this side of the House for the speeches that have been made by the hon. member for St. John's East (Mr. Marshall) in terms of the financial position of the Province, or by the member for Twillingate (Mr. Smallwood) or the member for LaPoile (Mr. Neary), or the member for St. John's West (Mr. Creshie), or the member for St. John's North (Mr. J. Carter). All of us, if we are not aware of the financial position of the Province, have just not bothered to read the documents

MR. DOODY:

that are available. It has been inferred across the way, the hon. member for LaPoile (Mr. Neary) said, "After the information was dug out." The hon. member for St. John's East (Mr. Marshall) did not have to dig out any information.

MR. J. CARTEP: I did not have to dig.

MR. DOODY: It was all sitting there available. On one or two occasions I think he asked me for a schedule of this or that and it was readily made available. There is no attempt to hide any of the Province's financial position, financial situation. Quite the contrary. We want to make it abundantly clear to the Province and to the people in the Province that we just cannot continue to go along at the pace we are going.

It has been said time and time and time again. Everybody believes it but nobody wants to do anything about it. I have yet to hear one member in this hon. House stand up and oppose a petition. He is not allowed legally.

MR. SMALLWOOD: If the minister would allow me. I voted against an official Opposition resolution condemning the government for not revealing the full financial facts.

MR. DOODY: That is right.

MR. SMALLWOOD: I voted against that. My objection is not to the failure of the government to reveal the facts because there is no such failure. They did reveal them. My objection is they would not allow the debate to be done in a way that would really concentrate attention. It was fragmented over a period of six months.

MR. DOODY: Mr. Chairman, just to deal with that one point. As I said earlier in the beginning of my few remarks, that is a matter of the House rules, and it is something that should be dealt with and that has got really nothing to do with the financial position of the Province right now or nothing to do with this particular loan bill. Everybody here in this House knows that the rules are incorrect, that there are an awful lot of things that are wrong and they have got to be streamlined, and they have got to be changed

MR. DOODY:

because, you know, maybe the matter of petitions themselves should be looked at. Maybe that is an obsolete area.

MR. SMALLWOOD: It is not done anywhere else.

MR. DOODY: You know, there is no other House of Assembly or Legislative Assembly in Canada and nowhere else - the hon. member says, "Nowhere else at all," so maybe he knows that is a fact.

MR. SMALLWOOD: Just the occasional group, an occasional group.

MR. DOODY: And there are some extraordinary circumstances.

MR. SMALLWOOD: Even in the House of Commons there were the big ones.

MR. DOODY: Yes, well you bring in 500,000 signatures about a seal hunt or something like this or of the CNP train or something. But that was not the point I was trying to get at, Sir. What I am trying to get at is the point that everybody in the House who pretends or who knows to have some awareness of the financial position of the Province, the fact that we have a tremendous debt and the fact that we have to borrow and borrow and the fact that we have to spend and spend, not one of them is the least bit hesitant about standing up and endorsing every petition that comes in whether it is for a road or for a well or for whatever. The money has got to come from somewhere.

MR. SMALLWOOD: The minister says, "Not one of them." There is one of them.

MR. DOODY: With great respect to the hon. member. It was only yesterday or the day before yesterday he asked the hon. Minister of Municipal Affairs whether the chances of the district of Twillingate would be jeopardized by his not hounding the hon. minister for wells or whatever was necessary for the social improvement of the people in Twillingate.

MR. SMALLWOOD: Fair enough.

MR. DOODY: That is fair enough, exactly and everybody else is in the same position. So the hon. member is really no different than

MR. DOODY:

the rest of us. He can stand up and speak for hours and hours and hours about keeping the debt under control, not borrowing, do not borrow another cent or keep the borrowing down to a level. But there is nobody who will tell me where the level is supposed to be. What does he want cut? Does he want to cut out the roads?

The hon. member for Gander (Mr. R. Collins), the minister of Health is now trying to cut back on some of the hospital beds and he has been pilloried and -

MR. SMALLWOOD: Not by me.

MR. DOODY: Not by the hon. member.

MR. SMALLWOOD: No.

MR. DOODY: Well, you know, with great respect to the hon. member there are 500,000 people in the Province of Newfoundland and you know -

MR. SMALLWOOD: Not all here though.

MR. DOODY: They are not all here in the House. That population of that particular area which the hon. member represents is being very ably represented. But there are many, many other people here in the House, many, many other people in the Province who also have an equal voice in the say of the governing of the Province and many, many of them want these services. They want improved roads, They want improved hospital services, They want social services. They do not want their welfare cut. The people of the Province were most upset because the welfare payments did not go up five per cent six months before they went up and rightly so because the cost of living is spiralling and they need that money. We are caught in an impossible conundrum here. We have got to provide services at the level that they are now at least - and the hon. member for LaPoile (Mr. Neary) says "We are slipping back." I do not know if he meant socially or financially. In terms of services perhaps we are holding our own. In terms of financial stability, I think we are also holding our own. But perhaps in terms of graduated

MR. DOODY:

algebraic improvement, maybe we are not going as quickly as we were. It is simply because the money is not available to do it.

I just cannot see how hon. members can have it both ways. If everybody in the House gets together and says that we will all cut back on spending, we will not do this, that and the other thing tomorrow, that we will not have any more petitions, there will not be any pavement next year, there will be no wells, that x hospital will not be built and y hospital will be closed back, that the people of social assistance and so on can, you know - I mean these things are just impossible and impractical so we have got to come in with something positive. Tell us where we can cut, what areas we can cut and not the \$2 million or \$3 million of waste that is in this government. Everybody knows that there is \$2 million or \$3 million worth of waste in this government when you get into a budget of that size, when you get into a corporation of that size, when you get into a company of that size. Of course, there is going to be waste. And there is an ongoing process of trying to catch up with it and eliminate it to try to correct it. When you catch onto one piece, there is another piece gone loose and that keeps going on.

But that is not going to change the basic financial picture of the Province until such time as we get a resource based development and until such time as we have a taxation base that we can draw on. We are going to have to keep borrowing at a reasonable level. The only reasonable level that you can borrow at is the one that (a) guarantees the investors that their bonds will be retired on the due schedule, which has been done to date and will continue to be done and there is no indication that it will not be done; and (b) that the interest payments will be made in time, and that has been done and will continue to be done. If there was any doubt in the minds of the investment community that it would not be done, the bonds would not be sold. We have no indication from the fiscal community that there is any danger of that happening.

DR. FARRELL: - Hear, hear!

MR. DOODY:

I would love to be able to cut back on borrowing. It would make life a great deal simpler for me. It has been said earlier that the hon. Minister of Finance has got a terrible job. And, you know, the hon. Minister of Finance is no more conscripted than any other member was in this government whose responsibility that he took with the best of intentions and which he is going to try to perform to the best of his ability. But do not ever -

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: - think that we are indifferent and that we do not know what is going on in terms of the financial situation of the Province. We have borrowed far too much money in terms of what we can afford to borrow. But the services that are given to our people are far less than our people deserve in terms of Canadian standards generally.

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: But if there is some reason that somebody can tell me why the people in Twillingate district or White Bay-Bay de Verde or Harbour Main-Bell Island should not have the basic amenities of life as Canadian citizens then perhaps somebody has gotten the wrong message. It is not the idea of the Confederation that I dreamed of or thought about and thought that was worth while.

MR. MURPHY: If we were honest we darn well cannot afford it.

MR. DOODY: If we cannot afford to give the people drinking water or if we cannot afford to give them a paved road, if we cannot afford to give them the basic amenities of education and health services then are we a Province of Canada or are we a hepper on the edge of creation?

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: If we have to borrow to do that, we will and as long as we can be fiscally responsible, as long as we can retire the issues on time, as long as we keep up our interest payments then we will continue to do the best we can under the circumstances in which we are in. And, Sir, under these circumstances

Mr. Doody:

there are many, many other things I would like to say about this, and maybe I will later on at some other time, but the time grows late, and we have many other pieces of legislation to get through. I would ask, Sir, that the House consider this resolution favourably and that permission be given to the administration to borrow the sum of \$197 million, not in the interest of the government, but in the interest of the people, in the Province of Newfoundland.

SOME HON. MEMBERS: Hear, hear!

DR. FARRELL: Very good, 'Bill'. Very good, 'Bill'.

MR. CHAIRMAN: The hon. member for St. John's East.

MR. W. W. MARSHALL: I have a few words to add, Mr. Speaker, after hearing the Minister of Finance. I realize there are important bills, but there is nothing more important than this borrowing bill. Unlike the Leader of the Opposition who, you know, wants to get at it, at the by-election, and who, I might note, indicated the other night when there was a motion for adjournment voted against it. The Opposition Leader apparently does not want to say in the House, and I do not particularly wish to either, but this is a matter of great importance as far as I am concerned.

First of all, I would like to thank the Minister of Finance for the information that was given to him, and that he gave to us, I mean, to the Committee. Well it is the same thing, but it is a very, if I may say, a very complicated problem or procedure that we have as a result of this borrowing from the Upper Churchill. And whereas I had an opportunity to go through the various material before, and to prepare, as it were, a talk. It was more or less - I will not say sprung on the hon. minister, but certainly the details of it would not readily be expected to be at his fingertips, and he certainly, you know, gave good information here tonight.

The information he did give though, Mr. Chairman, was not in any way detract from the statements that I made this afternoon. And



Mr. Marshall:

the statements I made this afternoon, I pointed out the acute problem entailed, and to be experienced by this Province as a result of the possible increase in the burden on the debt service fund of the Province next year of approximately \$45 million. Now without going into all of the details again, the hon. minister has indicated that coupled with this \$197 million, we have the other financings for the Municipal Financing Corporation as indicated in the Budget Speech. We have also the situation as to the borrowing for the Lower Churchill, which was not included in the \$197 million, to meet, and we round off, as I think he mentioned, the figure of about \$300 million there. Now translated \$300 million in the carrying charges next year, you have \$30 million.

Now we come to the acquisition of the Upper Churchill. This afternoon I was mentioning the fact that we did, as we originally, we acquired the shares of the Upper Churchill, and the undeveloped resource for \$160 million which was financed through a capitalized loan at the Bank of Nova Scotia. The \$160 million is divided into \$30 million for the undeveloped resource, and \$130 million being the valuation placed on BRINGO shares. This \$30 million, the minister has indicated, the financing for this is included in the \$197 million. It is approximately \$9 million next year. All right. But the \$130 million has been translated into a five year loan with the Bank of Nova Scotia taken by Newfoundland and Labrador Hydro Corporation, to be payable over a five year period, and the income that Newfoundland and Labrador Hydro Corporation receives is not going to be adequate to liquidate this loan in a five year period. Obviously the accounts have to be kept quite separate and distinct because it has been the policy, as it must be the policy, that the ordinary users and consumers of electricity, through Newfoundland Hydro, do not and will not and cannot make any payments towards this \$130 million. The only income that comes in which is attributable to it is the dividends on the shares from Churchill Falls, the Churchill Falls Corporation.

Now we are told--and which it would work out to be \$27 million a year for five years. It is self-liquidating, you say, over



Mr. Marshall:

twenty years, but in the immediate short term, next year, and the year after, we are going to get dividends of between \$10 million to \$14 million a year which will go towards it, and there will be a short fall therefore of between \$13 million and \$17 million which must be added, in effect, to the debt service fund, next year and the year after.

As we go on, fine. We pick up the difference over a long period of time. But we have to think not only in the long term, but certainly in the short term and the effect that this is going to have on this Province over the next two or three years. Adding \$13 million to the \$30 million that we have from interest alone, we have the debt service fund, as it were, having to bear a burden of approximately \$43 million. Maybe the government will put the \$13 million, or the short fall, as I call it, being the difference between the borrowings for the Upper Churchill and the dividends received, into another account, but it does not make any difference we have to pay it any way. I would prefer to call it a part of the debt service fund.

So we have, therefore, then, Mr. Chairman, between \$43 million and \$45 million next year that will likely have to be found in addition to that which we now find for our debt service fund. This year our debt service fund is to the tune of \$106 million. The amount that we have to pay out next year will be \$106 million so we are increasing it by approximately 33 per cent. It will tail off, as I say, in the years to come insofar as the impact from the acquisition of these shares in the Upper Churchill are concerned, but I am speaking now with the immediate for the years one, two and three yet to come.

So that is the situation that we now find ourselves in, and the reason I bring this to the attention of the Committee and to the attention of the House again, as the hon. member for Twillingate (Mr. Smallwood) says, I am probably speaking in vain, but I think it is just as well to get up and reiterate it again. We have the highest taxation rate in Canada, we cannot bleed any more taxes from our

Mr. Marshall:

people, Our revenues are, our gained revenues are as high as they are, So all we are going to have to do is get it from borrowings. That is number one, additional borrowings. And if we cannot get it from additional borrowings, then what we are going to have to see is a much more intensive and much more painful curtailment of services, because the money has to come from somewhere.

MP. NEARY: Very true.

MR. MARSHALL: And that is why we say, you know, it is less agony to do it now, To cut now will save commensurably agony in the future. And let us just face the situation, that that is the situation that Newfoundland is finding itself in now. The Minister of Finance agrees. There is no attempt, as I re-emphasize, to hide the fact, the facts that come before the Committee, and before the House. But that is the situation in which this Province now finds itself.

I have no desire to go into a litany of which government borrowed how much type of thing, I have my own views with respect to that. I prefer to deal as it is with the situation as we now find it. And the situation that we now find ourselves in in this Province, and this is not doom and gloom, although there are those that will say it, it is just grim realism that we are in a critical financial position in this Province. And until we get the general public to realize the situation in which we are in, until we can get the general public to realize it and see how necessary it is going to be to accept cuts in the future, that we are going to impede progress for many years to come, and we are going to be in for some sorry times.

Already we are in the process of necessary cuts in hospital beds, and provisions in health services, and cuts in other services are going to have to come in the future. Now that is the point that I am making, and that is the point that I re-emphasize, and I will make it again and again, and again, Maybe less and less and less people will listen to me, Well that is certainly their prerogative, but

Mr. Marshall:

my prerogative will be to make it.

Now the hon. minister said, "Everybody talks about it, and nobody wants to do anything about it." Now I can understand his frustration, because there is no more unenviable job, I would say in this Province, than Minister of Finance, regardless of what the hon. member for Twillingate (Mr. Smallwood) may say with respect to the Minister of Finance being the Premier. I would say that as in most cases it is the Minister of Finance who is usually around and has been to take the blame, but maybe not all of the credits. So it is certainly

MR. MARSHALL

not an enviable job. And I can see his frustration were he says that nobody wants to do anything about it. But one can only speak for myself. I have made speeches in this House about matters, how we can begin in my view to deal with the financial situation and this is a full and complete discussion of the financial affairs of this province including that of Crown corporations. Now we have two real instances of examples right here today with respect to Crown corporations. I personally believe there may be and I think there is a lot of fat in some of major Crown corporations.

And it has been expended fat, a lot of unnecessary expenditures.

They are living on the fat of the land to a certain degree because they have never had to account to an elected representative or to the people of Newfoundland in my living memory. And as long as they are able to do that Mr. Chairman, as long as they are able to do that, it is pointless talking about the total package of money that has been spent. It is pointless talking about even the total package of money that is being spent in government when you do get certain departments which, through rule changes, I think need to be amended--and I will not go into that because I have spoken about that in the estimates-- when you do not have first of all a full and complete discussion and a full and complete accountability by those people who have a large slice of our future in their hands.

Newfoundland and Labrador Hydro Corporation is one that I can think of specifically. Here is a corporation that is handling a debt of a \$130 million of the people of Newfoundland. And what accountability do we get? We get accountability after the fact, in balance sheets and annual reports of 1975.

Now I am interested in what went on in 1975 but I am much more interested in what is going on in Newfoundland and Labrador Hydro in 1976 and 1977, before the fact. Similarly with the Newfoundland and Labrador Housing Corporation, you get a situation there where the Minister of Municipal Affairs, when he was making his statement, concedes the fact that the price of land developed by

MR. MARSHALL

the housing corporation is not that greatly different from that done in private enterprise in certain circumstances. There is supposed to be a large margin of profit in private enterprise, particularly in the development of land we hear. Now where is this margin going? We do not know. These people rest happily secure in their own knowledge of the fact that they will never be asked to account for the monies that they have spent but most specifically that they will never have to be in the position in this sleepy hollow, of coming in and justifying their expenditures before they are made.

Now I would have no hesitation giving all of the facts

Mr. Chairman if all of the facts are before us as to how the money is spent, and in making myself recommendations with respect to cutting. And I think other members probably would. It is pretty hard in this political game to do it because this one wants a road for his district and what have you. But I think the first step is a complete crash program with respect to the intelligent discussion of our total financial affairs and a proper analysis of it. That is the first step.

The next thing we have. Now the Minister says that there is no indication at the present of any alarm in the financial community. God help that there would be. I should certainly hope that there would not be, and I think that is not definitely the issue here, and that is not the nature of my presentation or the reason for it at this present time. The last thing in the world that I would want to do. But I do very much and will always resist any kind of, and this was not what the Minister was doing, but any kind of statement to the effect that the fullest discussion publicly of our financial affairs is going to effect our position in the financial markets.

I know that is not what he intended to do and that was not the nature of it. But what we are concerned with here is not what indication we have received from the financial community, except to applaud the fact that we are able to float the \$30 million dollar bond issues that the hon. minister did in the Canadian market recently,

MR. MARSHALL

not that. But it is to assure that the monies in this province are spent wisely and judiciously. To realize that today's borrowings are becoming tomorrow's agonies. To realize that services are going to have to be cut drastically and very painfully in this province unless we have the gumption to face the facts as they are and to make the cuts. I would have myself, I say as an elected member, absolutely no qualms or hesitation whatsoever once all of the facts are set before of making certain recommendations.

I have made recommendations in the past on various positions that have been taken from time to time. You know, there are certain measures that I have advocated in this House and outside this House which, if adopted, would have saved this country many millions of dollars as it were. Now Mr. Chairman, that is about all. As I say I do not like this business of prolonging things. As people say, we do not want to prolong it as the leader of the opposition says. You know, we do not want to prolong the House. Imagine, did you ever Mr. Chairman see a leader of an opposition getting in a House and saying "We do not want to prolong the House?" You know, it is unfathomable, completely unfathomable. But there again that is the leader of the opposition.

Now we have this matter before the House. And I have these comments to make as a supporter of the government, and I make them from time to time, like this. We have a borrowing bill before us now. I feel that we are borrowing in this province too much. I realize quite fully how hard it is to cut down the borrowings and it is easier said than done, which is really what the minister said. But I think we may need an indept analysis of the financial position such as we have never had before. But as far as I make these statements, I vote with the government because I feel that the government, the present group in the government, is the better government and God help us if we ever put in somebody who in opposition turns around and says, "let us get out of here." Thank you, Mr. Chairman.

MR. CHAIRMAN: The hon. member for Twillingate.

MR. SMALLWOOD Mr. Chairman, well first I intended to get up and say a word of congratulations to the Minister of Finance. But before doing that, let me once again congratulate the hon. gentleman who represents St. John's East in this House. Again level-headed, sensible talk from him. Having said that, may I congratulate the Minister of Finance, and I do not want him to think that I am saying this in any patronizing spirit. I genuinely, quite genuinely admired his speech, the common sense of it. It was a fair speech, it was reasonable. It was rational and it was pretty comprehensive. It was good debate, it was good talk, it was good explanation. I do want, however, to deal, not critically, not adversely, certainly not harshly with one point in particular. He really must not satisfy himself with the thought that because he says to the members of the opposition and the House generally, "Look do not talk about economizing, do not go talk about retrenching and do not go talking about saving money, without telling us how, where and why." That is not good argument. That is not good argument. It is the duty of the government to economize. It is the duty of the government to retrench. It is the duty of the government to save money, to save money and above all it is the duty of the government to keep Newfoundland from running any deeper into financial peril, financial danger.

Now on a number of occasions, on opening day I believe, the day that the House opened, I made an appeal to the Premier and then when the Fall budget was brought down I repeated that appeal and on a number of occasions I have repeated it and this is my appeal. That first of all the House, beginning here on the floor of this chamber, where the elected representatives of the Newfoundland people sit at their desks, here in this chamber, confront the members with the startling facts and conclusions that we are in financial danger as a province. Then second, drive that fact home to the Newfoundland people,



Mr. Smallwood:

It is no use expecting the people of Twillingate district or any other district to modify their demands for improvements. It is no use. It is a waste of time. They want the water and sewer systems that they want, that they need. They want the artesian wells that they need. They want the paving that they need. And what they need in Twillingate district is pretty well what is needed in every district in the Province. There is no argument about that. It is not true, you know, it is not true what the poet said, "Man wants but little here below, / Nor wants that little long." That is not true. In any one constituency in this Province tonight everybody wants all kinds of things, and you cannot blame them. They are not asking for something that is unreasonable. They are not asking for something that will make Newfoundland the greatest Province in Canada, with the highest standard of public services.

MR. DOODY: That was the point I was trying to make, Sir,  
how

MR. SMALLWOOD: Yes, of course. The hon. gentleman made that very point, and I have made it repeatedly. I remember putting it in one speech I made that for twenty-five we had a superb, a noble, a magnificent forward thrust and what a shame, and what a pity it would be if we had to slow it down now. I made that statement. I put it in a half a dozen different ways. And we all know that even after twenty-seven years of Confederation we are still below the level of most other, if not all, provinces in public services, what we used to called public services and is now called infrastructure that is, roads and paving and bridges and parks and schools and hospital and everything that the other provinces have, we are still below them after twenty-seven years of Confederation. So it is a shame, it is just too bad that we would have to slow that great forward thrust down for a couple of three years. But the minister will not deny that in my various speeches I have appealed for a slowing down. Does the minister not remember my saying I am not



Mr. Smallwood:

asking for a prorogation, I am asking for an adjournment. I am asking for an armistice, I am asking for a ceasefire, I am not asking Newfoundland to go out of business, I am not asking that the people should now do without all public services. What I am suggesting, and have suggested again and again is that we agree as a House, both sides, that we agree that we are in serious financial trouble, headed for much worse if we keep on at the same -

MR. DOODY: We must not talk about it.

MR. SMALLWOOD: No. No. We must talk about it or we will keep on.

MR. LUNDRIGAN: That is why we got to have an advertising campaign.

MR. SMALLWOOD: No, we have got to have an advertising campaign to make the Newfoundland people understand that for two or maybe three years there must be an armistice, there must be a holiday, there must be a slowing down, there must be a cessation of this endless demand for all kinds of improvements in public service that the Province cannot afford, we cannot afford.

Now unfortunately last year there was a general election, and unfortunately this year there is a minature general election. So it is asking almost the impossible to ask the government to admit to the people of this Province that we are under a dire necessity to slow down. Not forever! It is not a dissolution, it is a prorogation, it is a holiday, it is an armistice, it is a ceasefire. I am wasting my breath, I know I am wasting my breath, and every word that I have said. If there were not three by-elections this year I would not be wasting my breath.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Oh, I know what I am talking about. I was not born last night.

MR. DOODY: There were no by-elections when the Budget came out.

MR. SMALLWOOD: There were when the Budget came out. It was known, and it was known before the Budget came out that there were going

Mr. Smallwood:

to be three by-elections.

SOME HON. MEMBERS: Hear, hear!

MR. SMALLWOOD: The by-elections - it is a fact of life there are to be three by-elections. I say that if there were not to be three by-elections this year, then the government would, knowing they had probably four years or more ahead of them, would be in a position to do the brave thing, the bold thing, of initiating and carrying out a programme of genuine restraint, not fake restraint, not imitation restraint, not camouflage restraint, but real restraint, real.

Now the real restraint would consist mainly, primarily of reducing the borrowing. Mind you, Mr. Chairman, mind you to reduce the annual borrowing for the next three years to, say, a maximum of \$50 million a year, takes a lot of courage on the part of the government because if they borrow only \$50 millions a year they will cut down road building correspondingly, except insofar as DREE may give some money, some donations to the government for road building, they will cut down road building, they will cut down paving, they will cut down water and sewerage, they will cut down artesian wells, they will cut down all kinds of things that are needed, they are needed. There is no argument about that. They are needed. And lay off personnel, and not take on personnel to do the road building, and to do the water and sewerage systems.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Yes, that is so.

But as the member for St. John's East (Mr. Marshall) said - look, there is not a member in this House who agrees with me, because every single, including myself, every single member of this House wants certain things done in his own constituency; if not another constituency gets a dollar, each member wants certain minimum things for his own district. Because that is how you get elected. That is how you get re-elected.

AN HON. MEMBER: No, it is not.

MR. SMALLWOOD: If your a man, that is how you drive Newfoundland insolvent, by the way. That is how you drive Newfoundland under. That is how you bring on the bankruptcy of Newfoundland, by every single individual member of the House being what is called a good member, a good district representative, A good district representative in Newfoundland has always been one who could get things done for his constituency. The people of his constituency as a rule do not care whether he is a statesman, do not care whether he can go anywhere in Canada and be hailed and regarded as an outstanding Canadian statesman, Phoeey on that! Every constituency regards highly its member if that member can get things done for them. Now am I inventing that? Am I just imagining that? Do I not know what I am talking about after a quarter of a century in politics?

Now, therefore, unless every member becomes personally convinced that we are in financial trouble, and heading into heavier and deeper trouble, until each individual member realizes that and believes it, and that becomes part of his thinking, until then every individual member will resist, he will resist any talk of economizing, of retrenching, of pulling in our horns, of living lower on the hog, not forever to come, but for two or three years to come. And I say, I believe, I honestly believe that the Premier, the Minister of Finance, the Minister of Mines and Energy, the Government House Leader, at least those four and probably others, those four ministers, if there was no by-election this year would be leading the way in this House, calling upon the House, and calling upon the people to pull in their horns and have a programme of two or three years of genuine retrenchment, honest to God retrenchment, not imitation retrenchment, not a pretended restraint; because that is all it is, it is only a pretended restraint. If the real thing has to come our restraint of this year will look like mad extravagance by comparison, if what

MR. SMALLWOOD:

the hon. member for St. John's East (Mr. Marshall) says he hates to think of, that he does not want to see, if he does see it; if the Minister of Finance ceases to be able to say a little boastfully, a little happily that there is no indication from the financial world of any doubt in Newfoundland's capacity to pay its debts in the end when they fall due, and in the meanwhile to pay the interest on them, he sees no indication of any doubt on their part in that way, when he says that, let him not forget that Newfoundland, the government of this very Island went out on the markets of the world and borrowed money one year at the highest rate, at the best rate, the most economical rate, the best, the most advantageous terms in its history and the very next year, seven or eight months later, not one person in this world would buy one dollar of Newfoundland bonds and Newfoundland went broke. All that happened in less than twelve months because from the date of the bond issue that they went out and sold that was snapped up, it was grabbed up at a magnificent rate for Newfoundland, less than ten months after that they were on the market again and they could not sell one single dollar.

Now if the Minister of Finance had been asked he would have said, "What is the hon. member talking about? We have just gone to the market. We have had a magnificent response. They grabbed our bonds. We have the best rate that we have ever had in all our history. Our credit is good. Our standing is higher than it ever was." That is what the Minister of Finance of that day would have said. He would have been right.

MR. DOODY: He was with the Squires government.

MR. SMALLWOOD: It does not matter who it was or what his name was. He was the Minister of Finance of Newfoundland. It is still called Newfoundland. It was called Newfoundland then. He was called the Minister of Finance then. It is still called Newfoundland and the minister is still called the Minister of Finance.

MR. DOODY: He was a Squires from Fredrickton.

MR. SMALLWOOD:

Now, I know that I am wasting my breath. A man must be a fool to go on talking in this House with the belief that I happen to have. It is sheer waste of breath just as the two speeches here today by the hon. member for St. John's East (Mr. Marshall) have been a sheer waste of breath because everything we say can be dismissed with one argument, "show us how we can economize." That is supposed to put an end to all argument. That is supposed to end it. "Tell us, where will you start cutting?"

We had the Leader of the Opposition get up here in this House and he goes through the budget. He goes through the first page of the estimates. He goes through the first page, which is a list of the departments. The Department of Finance, so much, how much would Smallwood cut on that? Department of Health, how much would Smallwood cut on that? The Department of Education, how much would Smallwood cut on that? He outdid the Minister of Finance. That is not argument. That is not argument. That is not facing the truth. That is not facing the reality. The reality is that we have borrowed so much money in the last four, and again now in this year, the fifth year, so much money, our borrowing has been on such a mountainous scale, such a Gargantuan scale that one of these days or one of these nights, inevitably, as surely as night follows the day, just that surely, the responsible bankers, finance houses, trust funds, pension funds, the people who buy our bonds are suddenly going to wake up to the fact that they are running a big risk in lending Newfoundland any more money. When that happens we will not be able to borrow a dollar.

Now as the member for St. John's North (Mr. J. Carter), I believe, said, and certainly the hon. member for St. John's East (Mr. Marshall) said, I believe both of them said, better that we do it voluntarily as a Province than that we be forced to do it. Better that we get a good name throughout the money circles of the world, the people who lend the money, get a good name as being prudent, careful, prudent government who are determined never to default, never

MR. SMALLWOOD:

to reach the point where they cannot service their debts, cannot pay the interest, cannot put money in the sinking fund so that when the debt falls due they will have the money to pay it, that we are a prudent kind of Province, good types, good, honest God-fearing people, give ourselves that name rather than a year or two years from now the Minister of Finance have to come to his colleagues in the Cabinet, face white and drawn and say, "Boys, we cannot sell a dollar of bonds." Now, the minister can smile now but he will not be smiling then if that happens, nor will his colleagues in the Cabinet smile then.

What is the alternative to that? Is this the alternative? Does the Minister of Finance, does the Government House Leader honestly and sincerely believe that we can add \$270 million this year, add \$220 million last year, two hundred-odd millions the year before, next year another couple of hundred, millions year in and year out we can add a couple of hundred millions to our debt? Does he really believe that? If he does not believe it, then it is no time occasion or place for smiling at any words of warning that we should pull in our horns.

Now perhaps what will happen is that when the by-elections are over, when they are over, win lose or draw the government will come back here in the Fall. Now the Minister of Finance said here, he was quoted as saying, "I have no desire to bring in a Fall budget." But you did not say, "I have no intention". Probably he has no desire to bring in a Fall budget. Probably not. He hopes and hopes, and hopes against hope, that there will not be any need, that the budget that he has brought down is realistic and can be realized. But he cannot have too much faith about that. I am afraid that that budget was brought down with the acute and sure knowledge that there were going to be three by-elections just as the main budget was brought down a year ago, the Spring of last year, in the sure and certain knowledge that there was going to be a general election.

MR. SMALLWOOD:

Now it is just too bad that politics - and I am a politician, I have been a politician -

MR. DOODY: We would have never guessed.

MR. SMALLWOOD: No. It must come as a surprise to hon. members, but I am a politician. And being a politician I know that it is part of the life, of the thought, of the very blood of a politician to win elections. If you are going to have a general election you bring down the best budget you can, not just this government that is presently running the affairs of the Province, but the one before, and the one before that, and every government and not only Newfoundland but every province of Canada and at Ottawa, the Parliament, the Government of Canada, and in England and everywhere in the world in a democratic world it is the way of politicians to want to win elections and to use budgets as one of the ways of winning an election.

Unfortunately for Newfoundland, for Newfoundland's financial solidity, for Newfoundland financial stability, for Newfoundland's future budgets, unfortunately there was a general election last Fall and there is a miniature general election at the last day or the end of this present month. I did not hear the minister.

MR. MORGAN: In 1972 there was no by-election on when the budget was brought down.

MR. SMALLWOOD: No, that is right. There was no election on when the budget was brought down. There was no election on when the budget was brought down here a few weeks ago either, no. The election and the budget do not happen on the same date, or even necessarily in the same month or even in the same precise season, but no one has been in any doubt that there was going to be a miniature general election in Newfoundland this year. There was quite a debate in people's minds, when will the Premier do it? Will he do it up in October or November? Will he wait until after the St. John's West federal by-election? Will he figure if there is a good candidate and the Tories can win that federally, can we imitation Tories win the three by-

MR. SMALLWOOD:

elections by having them a little bit afterwards? Would a victory in the federal by-election be a good diving board or jumping off spot for the three by-elections? So some people thought the elections would be in the Fall.

But suddenly, all of the sudden, now in the last two weeks the Premier



Mr. Smallwood.

of the Province becomes a pretty powerful man, the most powerful man in this Province today; and a popular man, and I am one of the ones who helped to make him popular, and I think he deserves to be popular, personally as a man, as a leader. He deserves to be popular for taking a strong and courageous stand against the infamously unfair and the infamously contemptible conduct of the Premier of Quebec. And the people of Newfoundland in that matter, to a man, and to a woman, are behind the Premier. And maybe now they held a sort of referendum yesterday up in Ferryland district, Mr. Doyle, who used to be a member of the Cabinet, got almost as many votes as young Carew got last September. Young Crewe, twenty-one years old, got a thousand-odd votes and Mr. Doyle now got almost as many as that yesterday. He had nine hundred-odd votes. He got thirty odd, forty-odd votes more than his opponent got. Surely it is not to be assumed from that that the people of that Southern Shore are up there holding their breath until polling day so they can elect a member for this administration. Surely they are not so politically naive as to think that that is the way the people are thinking.

But, however, there are three by-elections. And I forecast this - and I am politician enough to know and to understand - that the party across the floor will maintain a good face -

MR. WELLS: Would the hon. member excuse me for a moment? This is unconnected with the hon. member's remarks. Unfortunately, Mr. Chairman, we have had a threat that there is a bomb in these premises that is supposed to explode at ten o'clock. Of course, we have no idea if this is so or not. At any rate the police are here, and they have suggested that we adjourn at least for a half hour to give them an opportunity to look around. So what I would suggest is that members perhaps could find somewhere to go, and the general public perhaps ought to go down to -

MR. SMALLWOOD: Would the minister assure me that this is not a desperate attempt to quieten me? I do not need a bomb threat to close

MR. SMALLWOOD:

I will resume my speech next Fall when the Fall session is held and the new budget is brought down.

MR. WELLS : I assure the hon. gentleman we will take every step to preserve him.

So at any rate, Mr. Chairman, I would ask everyone to vacate the Assembly for a half an hour and members of the public to go down at least to the main lobby until the police can look around. And if all things being equal we could resume at quarter past ten.

MR. CHAIRMAN: I do now leave the Chair for approximately a half an hour.

MR. CHAIRMAN: Order, please!

MR. WELLS: Well then we will just resume.

MR. CHAIRMAN: The hon. member for Bellevue.

MR. CALLAN: Thank you, Mr. Chairman.

Mr. Chairman, I thought I would make a few comments regarding the bill which is now before the Committee. That bomb scare, of course, took a bit of steam out of what I planned to say. However, I noticed there that the Minister of Finance made reference to a couple of things, one or two of which the hon. member for Twillingate (Mr. Smallwood) has already alluded to. The hon. Minister of Finance was more or less suggesting that how can we save money or how can the government hope to talk about saving money or not borrowing the millions of dollars and so on when Opposition members are continually presenting petitions on behalf of their districts and looking for more and more money. Mr. Chairman, I am on record a month ago as stating that if, for example, take the Department of Transportation and Communications, if in the Budget Speech or the Throne Speech, if the government had come out categorically and said, "We are in a period of inflation and consequently we will have to cut back these many millions of dollars -

MR. MORGAN: I said that in October.

MR. CALLAN: - and in that way we can save the millions of dollars," then fine. And I am on record as saying that if that were the case, then the people in the district of Bellevue would be quiet content I am sure. They would not like it, naturally, but they would have no other alternative but to go along with the guidelines set down by this government. So the fact that petitions were presented, and most of the petitions, as most members will remember, were petitions regarding highway improvements and reconstruction and paving and so on, the fact that these petitions were presented,

Mr. Callan.

of course, was with the idea in mind -

MR. DOODY: How reasonable?

MR. CALLAN: They were not reasonable, but they were with the idea in mind that, well, since the government did not come out and categorically say, you know, there would be no money spent on road constructions, repairs and paving, I, naturally, I will fight for my district and try to get a share of it before it goes to some other district, and then the hon. member can come back and say, "Well, how do you expect anything? You did not present a petition. You did not ask for anything and so on." So, sure, this was the reason used by other members.

Something else, Mr. Chairman. Again I have to refer to it. You know, the government talks about the Opposition on this side of the House playing politics, you know, playing politics. Well, Mr. Chairman, how can the government expect the Opposition to do anything else when the government, as far as I am concerned, is taking the lead in this matter. You know, about two weeks ago I got up and I talked about the building of stadia, and I referred to this news release and this letter written by the hon. Tom Doyle at that time to the hon. James Reid, who was a member, and he talked about nine stadia. He said: "Dear Colleague, You will be aware from today's Budget Speech - this is March 12, 1975 - of government plans to further assist the nine communities to which my department has already committed a capital recreation grant for a stadium to the extent of \$225,000. These same nine areas of the Province were included in the 1974 budget and not one copper was spent - not one copper was spent - out of the 1974 budget. The same nine areas were included in the 1975 budget." And the hon. Minister of Recreation said, Mr. Doyle said, "That this new policy for the present, at least, will apply only to stadia in the following nine communities" - nine areas. And then he went on further to say,

Mr. Callan.

the minister added, "That a freeze has now been placed on capital grants for stadia for a period of, at least, one year." In March, 1975 the Minister of Recreation said, "Stadiums would be built in these nine areas, and then a one year freeze would be put on all stadia building in the Province." All nine areas have not received their stadiums, not all nine areas have. Some of them had to refuse a \$91,000 LIP grant because they could not get any satisfaction from the provincial government. And four months later, in August, the same minister went up to his district, Ferryland, one month before last Fall's election, and told the people that they would be getting a stadium. And in answer to an oral question asked from the Acting Minister of Recreation a couple of weeks ago, the Acting Minister of Recreation said, "Yes, the former minister had made a commitment to Ferryland and, therefore, the government has no other choice but to honour that commitment." At a time, Mr. Chairman, when stadiums are not finished in the other areas, which were committed, and at a time when there was supposed to be a one year freeze, four months later the same minister comes out and promises a stadium for Ferryland. That stadium we are told will be built this Summer or this Fall at a time when hospital beds are being closed, hospital construction has been deferred, water and sewer systems have been deferred, and the government can find the funds to build stadia or at least one stadium. And there is a little bit of a coincidence, Mr. Chairman; the area where that stadium is going to be built, we have a by-election coming up in three week's time.

So, Mr. Chairman, we have on the government side government members, ministers, calling on the Opposition side to stop playing politics. We are in bad financial straits. We all have to pull together in order to get out of this mess, and here is the same government who is asking us to do that playing politics and taking the lead, and taking the role as far as I am concerned.

MR. CALLAN:

Mr. Chairman, I want to mention again the saving of money. Redistribution, Mr. Chairman, we have fifty-one seats. There is no question in anybody's mind, Mr. Chairman, that fifty-one seats are too many. This House of Assembly is too cumbersome. With a 500,000 population, we do not need fifty-one MHA's. It is so cumbersome that most MHA's cannot get a chance to talk about their district. And, Mr. Chairman, everybody knows what happened under redistribution. It is costing the taxpayers, it is costing the Province more money to pay the salaries and other expenses of fifty-one MHA's than it would, say, if there were forty or thirty-five or thirty.

MR. MORGAN: The hon. gentleman would not be here if we did not have redistribution.

MR. CALLAN: I will tell you who would not be here, Mr. Chairman. I will tell you who would not be here. The ten or twelve PC members from the St. John's area would not be here, because this is where most of the seats were added, in the PC stronghold, Mr. Chairman.

MR. MURPHY: Per ratio it has less members.

MR. CALLAN: Mr. Chairman, the hon. member for St. John's Centre well knows that he does not have to fight for artesian wells, for paved roads, for water and sewer projects.

SOME HON. MEMBERS: Hear, hear!

MR. CALLAN: The St. John's City Council does it all for him as the St. John's City Council does it for ten or twelve other MHA's who live in the St. John's area.

SOME HON. MEMBERS: Hear, hear!

MR. MURPHY: What we got we bloody well worked and saved to get money for it. No handouts from the government in our day.

MR. CALLAN: Mr. Chairman, I must have struck a sore point.

MR. MURPHY: No, you struck a true point.

MR. CALLAN: Exactly, a true point, which then, of course, the truth always hurts.

Mr. Callan.

Mr. Chairman, it is things like that, the stadium system under which the stadium is going to be built in Ferryland this year, the redistribution, where we have today a government governing the Province with forty-six per cent of the popular vote, because of the way the seats were redistributed three years ago or two years ago or whenever it was. Mr. Chairman, I can tell, and I know of facts to substantiate what I am saying, that for a large period of time, take the district of Bellevue, for example, they had no representation. The district of Bellevue was formerly part of Trinity South, part of Trinity North, part of Leo Barry's district - what was that? - Placentia West.

MR. CALLAN:

Mr. Chairman, unless the civil servants who told me this, unless they are telling lies - and I cannot mention their names, naturally; in a judicial enquiry I suppose I could mention their names and these facts would be brought out - but I was told that water and sewer was approved by Cabinet for at least one community. I will not mention the community. And the Cabinet minister whose district this was in was not at the Cabinet meeting and when he came back to his office and found out that a water and sewer project had been approved for this community which was in need of it, this minister told Municipal Affairs, "Do not let the people in this community know that their water and sewer has been approved because I want this water and sewer money to go to some other community." Mr. Chairman, unless somebody is telling lies this actually happened. If I have to I will mention names but I do not want to toss around names. But this happened within the last two or three years.

So here we have a government, and the Minister of Finance, who is asking us to stop playing politics, let us get together. Mr. Chairman, I am on record as saying that if this government had said, "Let us save \$50 million this year by not doing any roads at all, new projects. Let us just maintain what we have. Let us save \$50 million." Then the whole Province would be treated fairly and alike. There will be no new construction, no new pavement and the people of Newfoundland would accept it if, of course, they were given a good selling job which they are not getting.

Mr. Chairman, I could go on but I think I have made the point that if government expects - I think I could make a suggestion though. I have given serious thought to everything that pertains to this House of Assembly. I have sat here for the last five or six months as a new member - or not in the House for five or six months, but I have been a member for five or six or seven or eight months. I have been in the House of Assembly except for one of two sittings for all of that time that the House was open. I have tried to figure out what would be the answer to the problems that we have.



MR. CALLAN:

Hon. members from both sides of course have made suggestions and so on. But a couple of weeks ago, and of course it is still going on, there were a few jokes made about a coalition and so on. Mr. Chairman, I am serious when I say that as far as I am concerned that a coalition government would be the only answer to the problems of this Province, a coalition government that would give, that would have all sides agreeing that, well, we will have to freeze this and that and something else. We will have to get the Province back on the rails and then of course the coalition disperses and we go for a general election and what have you.

MR. NOLAN: Who is going to coalesce?

MR. CALLAN: Well that can all be worked out and I am sure it will when the time comes. But, Mr. Chairman, I am serious. As long as we have so much political patronage and so much politics and so little government, so much politics and so little government, Mr. Chairman, the problems of this Province will multiply and they will grow worse. I think I will sit down on that, Mr. Chairman.

MR. CHAIRMAN: The hon. Minister of Finance.

MR. DOODY: Mr. Chairman, may I -

MR. MURPHY: You are welcome over here anytime.

MR. DOODY: These things go without saying, Sir. Certainly everybody in the House wishes, you know, for the well-being of all the districts, for all the communities in the Province. I think that most of the things that should be said, and some other things, perhaps, have been said over and over, in relation to this particular Act or resolution they have been said and I think, Sir, at this time what I would like to do is ask the House to pass this resolution to put \$170 million of a loan bill to be passed in the House.

On motion resolution carried.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to

MR. CHAIRMAN:

report that they have adopted a certain resolution and recommend that a bill be introduced to give effect to the same.

MR. SPEAKER: The Chairman of the Committee of the Whole reports that they have considered the matters to them referred and have directed him to report that they have adopted a certain resolution and recommend that a bill be introduced to give effect to the same.

On motion resolution read a first and second time.

On motion of the Hon. Minister of Finance, a bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province," read a first time, ordered read a second time presently. (Bill No. 45)

Motion second reading of a bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province."

On motion a bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province," read a second time, ordered referred to a Committee of the Whole House presently by leave.

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

MR. CHAIRMAN: Order, please!

On motion Clause 1 and 2 carried.

Motion that the Committee report having passed the bill without amendment carried.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report Bill No. 45 without amendment, and ask leave to sit again.

MR. SPEAKER: The Chairman of the Committee of the Whole reports that they have considered the matters to them referred and have reported the bill without amendment and ask leave to sit again.

On motion report received and adopted.

On motion bill ordered read a third time presently by leave.

On motion a bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province," read a third time, ordered passed and

title be as on the Order Paper.

On motion that the House resolve itself into Committee to consider the granting of supplementary supply, Mr. Speaker left the Chair.

MR. SPEAKER Motion 44

MR. DOODY Mr. Speaker I have a message from His Honour!  
Everybody please, please. With due respect.

MR. SPEAKER The hon. Minister of Finance.

I the administrator of the province of Newfoundland transmit supplementary estimates of sums required for the public service of the province for the year ending 31st. March, 1976. by way of supplementary supply, and in accordance with the provisions of the British North America Act of 1867, as amended, I recommend these estimates to the House of Assembly "Signed" R.S. Furlong, administrator.

MR. WELLS Mr. Speaker, I move that the Lieutenant-Governor's message be referred to a committee of supply.

On motion that the House resolve itself into Committee of Supply

Mr. Speaker left the chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN Order!

RESOLUTION: "That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the public service for the financial year ending the 31st. March, 1976, the sum of \$37 million, one hundred and fifty five thousand and five hundred." The pleasure of the House to adopt the resolution.

MR. CHAIRMAN. The hon. Minister of Finance.

MR. DOODY I thought that somebody might ask Mr. Chairman, for an explanation and in anticipation of that, being the Finance Minister of a very responsive government I have the necessary information with me. Now that \$37 million has already been tabled, the detail on it has already been tabled in the House, the information is already available to all hon. members.

MR. NEARY Is that the one I spend thirteen hours on.

MR. DOODY That is right. But what in effect it is, is the special warrants that were necessary during the proceeding months to carry the various depts. through their legislative and administrative functions. I think that maybe for the benefit of the House it may be, although it may take twenty minutes or so of the House's time, it may be for the benefit of the House if I were to run through the legislative heads again and their subdivisions, because I feel reasonably confident

MR. DOODY that most of the members of the House, if tradition serves as a historical president that they have not taken advantage of the fact that the warrants have been tabled and the explanations given. The first sub-head under the schedule of the act is the Legislative one.

SOME HON. MEMBERS Carried, Carried.

MR. DOODY Carried, \$426,000. The second sub-head under finance is here, the \$400,000 is generally for administration. The salaries, general administration, \$400,000 and the unemployment insurance and the group insurance, this whole thing simply, the entire million dollar thing relates to the salary increases that were granted to the public service during last year.

SOME HON. MEMBERS Carried, Carried.

MR. DOODY So that is the whole bit and piece. And I think that you will find that this goes down through the next one, the Manpower and Industrial Relations supplementary supply bill \$170,000 is the entire amount that hopefully will be voted for the special study of the Buchans Task Force.

SOME HON. MEMBERS Carried.

MR. DOODY That was a special thing that came in.

Education is the large one there. \$12.2 million. Most of that is a \$10 million amount which covers the salaries of teachers and superintendents and that is accounted for by the increase in salaries of the teachers under the collective bargaining agreement. And then the other \$2.2 million was the necessary increase in the operational grants to the school boards. There was a \$17.5 million grant in the original estimates. They demonstrated to us, the school boards, that was insufficient and we gave them an extra \$2.2 million to carry on their necessary work. We are now asking the House's permission and as I say these warrants were tabled before this.

The next sub-head (7) is justice, and I do not think anybody will quarrel with the first one the election act expenses of \$400,000. The service contracts for the R.C.M.P., there was an increase -

MR. NOLAN: Would the Minister permit a question?

MR. DOODY Yes, boy.

MR. NOLAN Since he mentioned the election act, is there any kind of an estimate on how much the by-elections will cost to the people in Newfoundland and Labrador?

MR. LUNDRIGAN It depends on the outcome of the elections, the cost in real terms.

MR. DOODY Excuse me. It is in the - No, I think the hon member for Conception South means in practical terms, terms of actual dollars spent. It is in the original estimates that you have in front of you. I can look it up and open the page for you now, but it is not necessary because it is there, it is included in. And we had to come in with an amendment that during the Justice Department's estimates being debated here in the House, because the third by-election was declared necessary by the court at that time we came into an extra \$10,000 adjustment to the estimates. I think it is \$25,000 or \$35,000. I cannot remember exactly, but it is included in the estimates and an adjustment was necessary at the time.

The service contract for the R.C.M.P., which is one of these inflationary things, the R.C.M.P. like other areas of service, felt they had extra expenses and they charged us extra money. And it cost us an extra \$700,000. Equipment and supplies for the penitentiary \$400,000 and salaries and so on for the courts, which are a part of the salary increases that were necessary last year, which makes it \$1.8 million for Justice, the next sub-head is Rehabilitation and Recreation. The first sub-head in there, which is the total of that sub-head was in the bill that you have, \$2,050,000 I think.

Trading supplies and produce for Labrador Services \$250,000 Labrador Services were caught in the inflationary and cost increase area too and the cost of supplies that they had bought and had to replace was a quarter of a million dollars more than in the estimate. The homes for the aged and infirmed, \$600,000, and that is the cost of fuel and electricity and food and all the other costs that are necessary to operate these homes. And there is no way of estimating them any closer than we had, and that \$600,000 was the amount that was necessary.

MR. DOODY The salaries for the staff of the homes for aged, \$250,000. Salaries for the children's homes \$121,000; Salaries for the training schools, \$200,000. This amounts to almost, well it does amount to more than \$500,000 and that is part of the general service agreement salary increases of the last year. And then there is, once again, we have another trading supplies and produce thing and part of this is related to that fire that was in one of the depots in Labrador, if I remember correctly.

The next sub-head, number 10, is a Health sub-head. And that one is, when they get that big they become rounded out in high numbers. The operating cost of hospitals not operated by government, and these are board operated hospitals, and they take into effect all the areas that I just talked about, the cost of food and fuel and supplies and all the other things necessary, \$10 million. And the Newfoundland Medicare Commission costs by the same token went up by \$3 million and these are all unfortunately inflationary items that just soared and zoomed and the supplementary supply was necessary. But as I say the warrants were tabled at the time.

Fisheries has a supplementary supply item in here of \$1.7 million, in capital, I think I have gone to the current, the capital is \$2.7 million. But anyway, there is a special fish plant water system for DREE and there were, that is a capital account and there were some kind of countervailing savings, some special assistance from Dree, of course. Fishing gear replacement programs, we had to put in \$1,450,000 into that area,

Mr. Doody.

which will eventually become recoverable; special fish plant water systems under DREE, \$500,000; capital works and other, \$139,000. There was necessary assistance to crab fishermen to keep them in operation, \$50,000. And there is a Fishing Gear Replacement Programme which is the Provincial Fishing Gear Replacement Programme of \$230,000. And once again these items were tabled and were discussed at the time. The last one was the Transportation and Communications special warrants, and these were completely related to the escalation in costs. They are the highways and bridges salaries really. It is the salaries area of the maintenance people, the OMS people, the operation and maintenance people, \$1.5 million. And this is related completely to the agreement that was signed with the public service or with NAPE. And there was an increase of \$500,000 in Summer maintenance and \$500,000 in Winter maintenance, and this was, of course, escalation of costs in fuel, materials and equipment and supplies for \$2.5 million. These special warrants in current account total \$34.5 million and capital account \$2.6 million for a total of the \$37,155, 500 which you see in front of you. And that in brief is the breakdown of the Supplementary Supply Bill. But as I say these warrants, which have been signed and witnessed and duly documented, had already been placed before the House, and this is just the resolution which legitimizes the expenditures.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, there is not much you can say about the resolution or this bill, Sir, except that the amounts that the minister mentioned are amounts that were unforeseen, that they were things that cropped up during the year, as happens in every administration, But the \$400,000 for the election that the minister mentioned, I am sure that was not unforeseen when the estimates were brought down last year, but nevertheless it was not included.



MR. CROSBIE: We were not planning the election.

MR. NEARY: No, maybe the hon. Premier was not planning the election last year, but certainly, Sir, that amount was not unforeseen. And the rest of it seems to be fairly well in order as the minister gave us all the details that he has in front of him, except for the \$1.25 million unforeseen expenditure for the fisheries department for replacement of gear. You know, it is kind of late in the night, and I cannot really get myself psychologically geared up, but if I could I would really rack the government up on that \$1.25 million extra money that they had to get through warrants. You know, I could go through the same motions again that at the time the government must have known that there was something wrong, that their estimates were all shot, that the Auditor General had brought it to the attention of the government, and the minister must be awfully negligent and completely irresponsible - the minister who was running that department at the time - not to be able to detect, to go back and ask his colleagues for another \$1.25 million. I cannot see how the minister had the face to do that. The minister must have known there was something wrong. I am not going to go into a great harangue now about it. We have gone through it before. You know, I still fail to see how the thing got out of hand, unless it was due to complete ineptness on the part of the minister who was running the department at that time. And as far as I am concerned the explanation for this up to now has been completely unsatisfactory, Sir, as far as I am concerned.

MR. CHAIRMAN: The hon. member for St. John's East.

MR. MARSHALL: Mr. Chairman, it is probably a bit too late to go into the details that have been given out, but, you know, this is a large amount of money, \$37 million, which is more than was budgeted for, but what I am interested in is where the revenue came to meet it? Was it from increased sales tax or was it from borrowings or where? Perhaps the minister might answer that.

MR. CHAIRMAN: The hon. Minister of Finance.

MR. DOODY: Well, as the hon. member knows, there is no particular allocation of funds from borrowing or from contributions in aid from the Government of Canada or from general revenue raised by taxation of the Province to any particular subhead. All I can really say is that the Supply, as requested here now, will be met out of general revenue. And whether you move it -

MR. MARSHALL: Last year's revenue.

MR. DOODY: Last year's revenue, that is right.

- whether you move it from either of the areas that we talked about, it is really, I suppose, to a large extent academic, because it is an expense incurred on behalf of services rendered to the Province. With respect to the comments by the hon. member for LaPoile (Mr. Neary) on the fishing gear situation, I guess it is an area that will be plowed back and forth for a long while to come. I do not really believe that there was negligence on the part of the minister<sup>s</sup> involved. I think that there was a situation there where special assistance was necessary and that special action was taken. As time goes by people who were responsible, if indeed, and it has been shown, or at least it has been charged or alleged that some illegal transactions took place, and there is no doubt in my mind that they did, the minister responsible at the time could have cut off and said that there will be no more fishing gear replacement until we resolved the problem with A, B and C or we will go on and let all the legitimate fishermen go to work and afterwards we will try to sort it out and recover those people who worked illegitimately or at least made claims illegitimately. I think the ministers responsible made the correct decision. They committed funds to keep the fishermen and the fisheries going, and those people who were guilty of abusing that privilege will be -

MR. NEARY: What about the fishermen?

MR. DOODY: Not only those fishermen but those companies, and I think that there are more suppliers than fishermen who are guilty, but that is my personal feeling, and that will only be demonstrated

Mr. Doody.

by the investigation and by the courts. But I do not think that there was much else that the ministers responsible could have done at that time except to have one of two choices, say no more gear replacement, we will stop it here, or else we will go ahead with the programme and try to correct the abuses or to penalize the abusers later on. So with these comments, Your Honour, I move the adoption by the Committee of the Resolution. And I guess that is about all I have to say about it, because it has all been said before under other subheads.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: I just want to ask the minister one question. I am not quite sure whether the responsibility for getting the returns from those who have been successful, those who were elected in the September 16 election, if that comes under the minister's department or not or under the Minister of Justice? But I have no reason for saying this, Sir, but I would say probably - and I will just hazard a guess - that ninety per cent of the members of this hon. House are sitting in this House tonight illegally.

MR. WHITE: No, sixteen.

MR. NEARY: No? Sixteen have submitted their returns.

MR. WHITE: Have not.

MR. NEARY: Have not submitted. Sixteen members are sitting in this House tonight illegally. Under the Election Act, I believe they have - is it three months?

MR. SMALLWOOD: Ninety days.

MR. NEARY: Members have ninety days in which to submit an itemized account of their expenses in the last Provincial General Election. And my hon. friend tells me that sixteen members have not yet submitted their statement, their itemized account of their election expenses, and are now sitting in this House illegally. So that means, Sir, instead of three by-elections, we should be now having nineteen by-elections.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Because there is a penalty, Sir, and I think that part of the act should be enforced. I am not one of the delinquent -

MR. MURPHY: I would ask the member, what is the penalty?

MR. NEARY: I do not remember what the penalty is.

MR. DOODY: Ten dollars a day.

MR. NEARY: Ten dollars a day. Somebody tells me that the penalty is \$10 a day. Let me see, that is September 16, October, November, December, January, February, March, April, May, June, that is about nine, about 270 days, so I would say that some members now owe the public treasury \$2,700

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Well deduct three months. So that would be six - six times-180 would be \$1,800. And if the Minister of Finance wants to get some money for the public treasury that he should now collect from sixteen members, \$1,800.

MR. WHITE: And also from ninety candidates.

MR. NEARY: Yes, that is right. Oh, it would be a fantastic amount of money.

But seriously, Sir, I do not know who the members are who have not submitted their returns, but I believe that the Minister of Justice should now enforce the Election Act, and either

Mr. Neary:

compel these gentlemen to submit their itemized account of their election expenses, or ask them to resign and we will have nineteen by-elections instead of three.

SOME HON. MEMBERS: Oh, oh!

MR. WELLS: Before the hon. minister replies, Mr. Chairman, I presume we have leave to carry on for a few minutes or stop the clock at 11:00 to deal with the supplementary supply.

MR. CHAIRMAN: Is leave granted?

Agreed.

MR. CHAIRMAN: Does the resolution carry? All those in favour? All those in contrary? Carried.

MR. CHAIRMAN: Does the enacting Clause carry?

On motion enacting Clause carried.

MR. CHAIRMAN: Does the title carry?

On motion title carried.

On motion Clause (1) carried.

On motion Head II, IV, V, VI, VII, IX, X, XIV, XVII carried.

MR. CHAIRMAN: Does the enacting Clause carry?

On motion the enacting Clause carried.

On motion preamble carried.

On motion title carried.

On motion Resolution carried.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of Supply have considered the matters to them referred, have directed me to report they have adopted a certain resolution, and recommended a bill be introduced to give effect to the same.

MR. SPEAKER: The Chairman of the Committee of the Whole reports that they have considered the matters to them referred, and have directed him to report that they have adopted a certain resolution and recommend that a bill be introduced to give effect to the same.

On motion resolution read a first and second time.

On motion a bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Services For The Financial Year Ending The 31st. Day Of March, 1976 And For Other Purposes Relating To The Public Services", read a first time, ordered read a second time now, by leave, carried.

A bill, read a second time, Ordered read a third time now by leave. Agreed.

A bill, read a third time, and it is ordered that the bill do pass and its title be as on the Order Paper.

MR. WELLS: Mr. Speaker, I do move that this House do now adjourn until tomorrow, Wednesday, June 9, at 3:00 P.M.

On motion the House at its rising do adjourn until tomorrow Wednesday, June 9, at 3:00 P.M.

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Query as to what action government intends to take on a brief from taxi cab operators seeking an investigation into increases in their insurance rates. Mr. Neary, Mr. Wells.	10294
Administration of the Art Gallery at the Arts and Culture Centre. Mr. Lush, Mr. Hickey.	10295
Management contract for the Health Sciences Complex. Mr. Rowe, Dr. Farrell.	10296
Query as to whether the change in the arrangement will cost the Province an additional \$98,000. Mr. Rowe, Dr. Farrell.	10302
 Orders of the Day	
The following bills were read a first time and ordered read a second time on tomorrow: Bills Nos. 87, 88, 91, 89, 90 and 92.	10304
 Committee of the Whole	
Resolution: that it is expedient to bring in a measure to authorize the raising from time to time by way of loan on the credit of the Province the sum of \$197 million and such additional sum or sums of money as may be required to repay, renew or refund securities issued under any act of the Province.	10305
On motion, the resolution was carried.	10436
The Committee reported having passed a certain resolution and recommended that a bill be introduced to give effect to the same.	
On motion, Bill No. 45 was read a first, second and third time, ordered past and title to be the same as on the Order Paper.	10437



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Committee of Supply	Page
Resolution: That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the public service for the financial year ending the 31st. of March, 1976, the sum of \$37,155,500.	10439
The committee reported adoption of a certain resolution and recommended a bill be introduced to give effect to same.	10448
The said bill was read a first, second and third time, ordered passed and its title to be as on the Order Paper.	10449
Adjournment	10449