

PRELIMINARY

UNEDITED

TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

10:00 a.m. - 1:00 p.m.

Monday, June 6, 1977

The House met at 10:00 a.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

NOTICES OF MOTION

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

MR. PECKFORD: I suspect that there are a number of Notices of Motion about to reach my hands and have just done so.

Mr. Speaker, I just do not know what ministers have arrived or what ministers have not. Is it in order for me to give all the Notices of Motion even though some of the ministers might have accidentally walked in since I have stood on my feet?

MR. SPEAKER: Yes.

MR. PECKFORD: All right then, I will proceed to do that.

I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Amend The Historic Objects, Sites And Records Act, 1973." (Bill No. 88).

A bill, "An Act To Amend The Automobile Insurance Act." (Bill No. 87).

A bill, "An Act To Amend The Department Of Social Services Act, 1973." (Bill No. 86).

A bill, "An Act To Amend The Public Utilities Act." (Bill No. 92).

A bill, "An Act Respecting The Creation Of A Unified Family Court." (Bill No. 94).

A bill, "An Act To Amend The Judicature Act." (Bill No. 83).

A bill, "An Act To Amend The Members Of The House Of Assembly (Retiring Allowances) Act." (Bill No. 82).

SOME HON. MEMBERS: Hear, hear!

MR. MURPHY: That is mine, the 'Ank Murphy' Act.

MR. PECKFORD: A bill, "An Act To Facilitate Metric Conversion." (Bill No. 89).

MR. SMALLWOOD: Do you think that will pass by Wednesday?

SOME HON. MEMBERS: Hear, hear!

MR. WOODROW: We will give it third reading today.

MR. PECKFORD: You might have to delay your announcement, Sir.

A bill, "An Act To Amend The Regulation Of Mines Act." (Bill No. 90).

MR. NEARY: What mines?

MR. PECKFORD: That sounds familiar, Mr. Speaker.

A bill, "An Act To Amend The Livestock (Community Sales) Act." (Bill No. 88).

That is all, Mr. Speaker.

ORAL QUESTIONS

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

MR. NEARY: Mr. Speaker, my question is for the Minister of Finance, Sir. The minister is probably expecting a question on the Hart Report. Would the minister indicate to the House if the government, if Treasury Board has received the report? If they have had time to go over the report? And if they intend to accept the recommendations of the report?

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

MR. DOODY: I think that was a three-part question, Mr. Speaker. The first part is yes, we have received the Hart Mediation Report. Copies of it were delivered to the union, to government and to the hospital administration on Friday.

Treasury Board and some government officials have had an opportunity over the weekend to study it and to analyze it. Government as such

MR. DOODY: has not had an opportunity to see it yet. Mr. Locking was trying to get through to me on the telephone a few minutes ago but I had to come up to the House. Hopefully we will be getting together later today, he and I, to discuss the thing.

As to whether or not it is acceptable or not acceptable is something that we will have to wait to mention or talk about after government has a chance to study it and after we get the union's reaction.

MR. NEARY: A supplementary question,
Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. NEARY: Would the minister indicate to the House - Treasury Board has seen the report before the government has seen it - would the minister indicate if Treasury Board are recommending acceptance of the report? Obviously by now - it would only take them one meeting to decide whether or not they are going to accept the report. Have they recommended acceptance of the report? Have they themselves accepted it?

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

MR. DOODY: Treasury Board is a subcommittee of Cabinet, Sir, and reports that Treasury Board would make they would make to Cabinet and Cabinet would make its recommendations known in the House.

MR. NEARY: A supplementary question then.

MR. SPEAKER: A supplementary.

MR. NEARY: Mr. Speaker, would the minister indication when the Cabinet will be looking over this report? Will they be doing it today? Tomorrow? Next week? Because this strike has dragged on now for almost eighteen weeks and it is about time to bring it to an end.

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

MR. DOODY: Mr. Speaker, there is nobody

MR. DOODY: in this House or in this Province more aware than I am of how long the strike has been continuing, with the possible exception of the strikers themselves who are the ones who have really felt the brunt of the thing.

At the earliest possible opportunity the contents of the report will be brought to Cabinet's attention. There might very well be a Cabinet meeting this evening at supper time, which seems to be the custom of this particular government, to meet at lunch times and supper times just to make sure that we get in our regular eighteen hours a day. So we may be able to study it at that particular time, I sincerely hope so. As the hon. member has indicated, the strike has dragged on for far too long and I for one will be very, very pleased indeed to see it finished.

MR. NEARY: A final supplementary, Sir.

MR. SPEAKER: A final supplementary then the hon. the member for Eagle River.

MR. NEARY: I notice in the House in the last week or so that the Cabinet only have a skeleton crew. I do not know if the ministers and the Premier are in or out of the Province - I understand the Premier is out of the Province - will the minister have to wait until the Premier and the ministers are back in Confederation Building before they can convene a meeting to consider this report? Or will the meeting take place today?

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

MR. DOODY: As I look around me, Sir, I will admit that some members of the Cabinet do look like skeletons, although there are a few healthy looking ones at work. I think there are enough of us here to make a decision when on a matter of this importance. Please feel assured that there are -

MR. SMALLWOOD: The meeting could not be held

MR. SMALLWOOD: except at the word of the Premier and his word is not there.

MR. DOODY: Yes, that is right. But communications being such as they are in this Twentieth Century, the telephone and telexes and so on, I see no problem.

MR. SPEAKER: The hon. the member for Eagle River, followed by the hon. the member for Terra Nova.

MR. STRACHAN: Maybe the Minister of Finance can try to help us out on this one, because the Premier is not here, the Minister of Transportation is here but he has assured us he is able to make some decisions. Having spent the weekend in Happy Valley - Goose Bay, and I refer here to the Carson incident and the number of people who have approached us there, could the minister indicate to us whether the administration has made representation to CN and to Ottawa for an immediate replacement for the Carson because of the severe situation it puts the people of Happy Valley - Goose Bay and the coast in concerning the movement and transportation of freight?

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

MR. DOODY: I am afraid I am not in a position to advise the House as to whether this has happened or not. I will have to take the question as notice and check with the appropriate authorities. I do not honestly know, Sir.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. DOODY: I agree that the thing is an urgent matter.

MR. STRACHAN: Yes. Possibly again, and possibly in a way of informing the minister, could he also assure us that his administration, the government, will look into the situation concerning liability for freight which was carried on that vessel? I understand if it is called an Act of God then, of course, the people are left holding the bag, and three-quarters of the people in Goose Bay will go bankrupt. Goose Bay and Happy Valley

MR. STRACHAN: have been hard enough hit as it is, and this could really set them back, finish them off, especially some of the smaller fellows who were moving back some of their equipment to work in the forest and so on and have lost this. So could the minister assure us that the administration will do its utmost to try to impress on CN and Ottawa to try to form some kind of compensation or look at the whole problem of liability.

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

MR. DOODY: I do not think there is any question about that at all, Sir. Government will certainly be pressing CN to do everything that it should do under these circumstances. It might very well be, as the hon. member says, that the bill of lading covering the shipment of cargo very well exempts acts of God or the Queen's enemies, or perils of the sea, or barratry of masters and mariners, or restraints of princes or rulers of people, but if they have insurance certainly the onboard insurance would cover the liability. I guess the matter is now how many of the people who had freight or other cargo on that vessel were covered by marine insurance.

That is something, of course, that I do not know and I do not think government knows, and I doubt very much if CN knows as yet. I have no doubt at all that our Department of Transportation and Communications and indeed government as a whole will do everything they possibly can to move the matter along. I realize that it is a matter of inconvenience and indeed grave concern in many parts of the coast.

MR. STRACHAN: A final supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. STRACHAN: Could the minister assure us

MR. STRACHAN: that the administration will treat this as a matter of urgency because, of course, these people who have to continue for weeks or months waiting for decisions on what happened and so on, could end up in six weeks or two months virtually bankrupt and virtually the whole economic base move out. So I am want to impress on the minister to treat this with - I hope the administration will treat this with the urgency it deserves.

MR. DOODY: We appreciate the urgency, Sir. I was trying earlier this morning to get through to the Minister of Transportation and Communications. I realize that he also shares the concern and I understand he is due back on the Island this afternoon. I think he is in Wabush - but, of course, that depends on the weather whether he gets in or not, but I sincerely hope that he will be back today.

MR. NEARY: A supplementary question,
Mr. Speaker.

MR. SPEAKER: A final supplementary then the hon. the member for Terra Nova.

MR. NEARY: Mr. Speaker, in my opinion CN should be able to make a comprehensive statement concerning the losses by the passengers, personal losses and the supplies. Within forty-eight hours they should be able to make a statement. Now the question I want to put to the minister is this, the businessmen in Happy Valley and Goose Bay tell me that they are going to have to replace these supplies, they are going to have to have them flown in at tremendous expense. Will the government help in any way to finance the cost of transportation of these additional supplies, these replacement supplies to Happy Valley so that the cost will not have to be passed on to the consumer? Will this government or will the government make representation

MR. NEARY: to the Government of Canada, the federal government, our M.P's in Ottawa on both sides of the House, to try and get some compensation so that the consumers down there will not have to pay as a result of this disaster, pay high freight costs of having the goods and supplies flown in.

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

MR. DOODY: My understanding, from what I have gathered so far, is that CN is now actively looking for a replacement vessel to try to bring the supplies there as quickly as they possibly can. Why the automatic reflex action of having supplies flown in -

MR. NEARY: It is because of the emergency.

MR. DOODY: It may very well be that there are some areas in which an emergency situation in some specific instances of commodities is indeed a fact. That is yet to be demonstrated. I have not seen them listed, you know. I doubt if anybody is going to starve-

MR. NEARY: This is their post-Winter -

MR. DOODY: Will you just wait for a minute, please! Control your larynx for just a minute.

MR. NEARY: This is their post-Winter stock and they cannot supply their customers unless they have their shelves stocked.

MR. SPEAKER: Order, please! Order!

MR. DOODY: There are undoubtedly certain specific items which may very well be out of stock temporarily. I doubt very much, and it has not been brought to my attention and therefore I doubt it very much, the fact that there is a starvation or a very, very serious matter that requires the flying in of supplies at this particular point. To subsidize the cost of flying in supplies should not be passed on to the consumer. It is a very, very shortsighted attitude

MR. DOODY: in my mind. Somebody has to pay for it and eventually it is the consumer whether they pay for it through taxes -

MR. NEARY: Sock it to the poor old consumer.

MR. DOODY: - or whether they pay it through the grocery store depends entirely on their attitude.

MR. NEARY: That is typical of the attitude of this government.

MR. DOODY: What I am saying is somewhere along the line the consumer pays, he always pays. If we can get the supplies into these people by vessel at a reasonable price, at a reasonable time limit, then that is obviously the most sensible and reasonable way of doing it.

MR. NEARY: Take a few of the aircraft running around with the Premier and the ministers.

MR. SPEAKER: The hon. the member for Terra Nova followed by the member for Windsor - Buchans.

MR. LUSH: Mr. Speaker, a question for the Minister of Education. Last week the new media reported that the United Church was anxious to withdraw from the education scene under its present administrative structure, and I wonder whether they have made this request officially known to the minister?

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

MR. HOUSE: Mr. Speaker, I have received a copy of the brief, not officially though. It was not presented to me by the United Church Committee, but I have seen the brief through another source. What the operative words were were that they were interested in withdrawing from the administrative structure so that they would be able to give what they felt was more attention to the real purpose of the church, that is the religious education aspect of the curriculum.

Officially it has not been passed on to me yet. I noted that one of their points was the fact that they were going to seek the co-operation of the other churches in making a joint request to the boards. Apparently, through the media, all other denominations that are involved in education in the Province, and that is all of them, are not favouring the United Church Report in that respect.

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

MR. SPEAKER: A supplementary.

MR. NEARY: Mr. Speaker, I would like to ask the minister if he has received a recommendation of the United Church Task Force in connection with children beginning school before the age of five? If so, has the minister taken any action on this recommendation?

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

MR. HOUSE: Mr. Speaker, that is again part of their task force report. Again I might say that it has not been officially presented because the conference just finished last week. But they did mention their pre-school, what they call pre-school education, and the operative part of it is the fact that they are concerned about the children with special problems. Perhaps the mentally retarded children, children with special handicaps such as deaf children, what their concern is there is the fact that these pupils should be in school before they are five because they have an up-hill battle all the way.

I might add, Mr. Speaker, that there is a committee, an inter-departmental committee working on that very problem now with the Department of Education, the Department of Recreation and Rehabilitation and the Department of Health and the Department of Social Services. And some of that work is going on now. But to have all pupils in before the age of five that is not a policy of government. But to look after some of them who need it there is some of that work going on now and we are moving in that direction.

MR. NEARY: A final supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary from the hon. gentleman from LaPoile and then the original questioner a supplementary.

MR. NEARY: Mr. Speaker, what does the minister think of the recommendations or have the minister taken any action on the recommendations by the United Church conference that Newfoundland return to the smaller community schools as we have seen happen in some areas, especially in the Freshwater area, Placentia area and fewer children riding on costly school buses? What action has the minister taken on these recommendations, if any?

MR. SPEAKER: The hon. Minister of Education.

MR. HOUSE: Mr. Speaker, I believe about three years ago there was a - it was not a policy made by government but some

MR. HOUSE: discussion was carried on saying that perhaps we had gone far enough in this direction, in the direction of centralization of schools. But we have no policy on it right now because we have our central schools built. I mentioned that last year in the estimates and in one of the speeches on the estimates. We have schools built so it is very difficult to undo and when schools were built a number of years ago it was because of the fact that you had a job to get teachers in the smaller places.

AN HON. MEMBER: That does not make it right though.

MR. HOUSE: But now there is less centralization going on and as the hon. member for LaPoile just mentioned that some districts are perhaps moving back towards recentralization. We are encouraging, let me put it this way, Mr. Speaker, the retention of primary and elementary education in the home towns. But at this point we still maintain that centralization for high schools is very important and significant.

MR. SPEAKER: A final supplementary, the hon. member for Terra Nova and the hon. gentleman for Windsor - Buchans.

MR. LUSH: Again with respect to the United Church's intention of withdrawing from the administration of education, I wonder if in the - I have not seen the brief - I wonder if within the brief if the minister is able to inform the House as to whether the United Church was just simply expressing their own opinion of getting out or whether they were indeed making a recommendation that the structure be changed with respect to the DEC's probably.

MR. SPEAKER: The hon. Minister of Education.

MR. HOUSE: Mr. Speaker, again I am only speaking unofficially because they have not presented a brief. The point of view that the United Church presented in their brief has been the United Church point of view prior to the United Church's methodism, 1844 and it has carried on ever since. They have not been interested

MR. HOUSE: in the administration of public education but they have been interested in education per se.

The three resolutions that I read, one was that they approach the government and tell them that they are not interested - they would be interested in withdrawing from the administrative aspect of education, number one. Number two is the fact that they would consult with other churches to get them to try and do the same thing and according to the press reports last week they are not going to be very successful in that. And the third one I think regarding education in that respect was the fact that despite the fact that they are saying they want this, the third is that while we are in the administrative aspect of education we will carry out our duties to the best of our ability to see that it is carried out well. So one is saying

Mr. House.

we are telling government we would withdraw our responsibility, we will try to get other churches to do the same thing, but in the meantime while we have got the responsibility we will carry it out well.

MR. SPEAKER: The hon. member for Windsor - Buchans followed by the hon. gentleman for Eagle River.

MR. FLIGHT: Mr. Speaker, my question is for the Minister of Tourism. The morning news carried a report that the Federal Department of Fisheries - and I would presume that the hon. minister is the appropriate minister, if not, the Provincial Minister of Fisheries - the Federal Ministry of Fisheries and Environment have indicated that they intend to cut by fifty per cent the fish guardians on our inland rivers, and they have attributed it to extra costs in controlling the two hundred mile limit. I am wondering if the Minister of Tourism has had any communications with the federal authorities, the federal level of government, with regards to this decision.

MR. SPEAKER: The hon. Minister of Tourism.

MR. HICKEY: Not to my knowledge, Mr. Speaker. I am not aware of any correspondence or communications on this particular issue. I can only inform my hon. friend that my department has already made representation to the federal authorities for an increase in fish wardens based on heavy poaching in various regions or certain regions of the Province. Certainly the news that they are going to be cut further is not good news, and the only other thing I can say is that the inland fishery in the Province, unlike any other Province, is under the total jurisdiction of the federal government. It is a very costly proposition, and we have looked at the whole question of taking over that particular aspect, but it is a very costly one, and it is one that has to be worked out. But maybe the time has come now to do some further work in that direction.

MR. FLIGHT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. FLIGHT: Mr. Speaker, in view of the fact that this kind of a reduction could possibly mean the destruction or the ruination of some of our rivers where the poaching is heaviest is the minister prepared to, number one, contact and oppose such a move by the federal level of government, and if that does not work, prepare to look at now putting Newfoundland people, taking the jurisdiction of those rivers, the patrolling of those rivers under provincial jurisdiction so that the rivers will be properly protected? And, of course, not only the rivers apply here but we are losing again - we are getting it right where it hurts from an employment point of view because most of those fish wardens, all of them as a matter of fact, are locally employed people.

MR. SPEAKER: The hon. Minister of Tourism.

MR. HICKEY: Mr. Speaker, the only thing I can say is that naturally my department would make contact immediately with this kind of news. Just what we can do is another matter. If the federal government indicates once and for all that they are going to carry out this action and reduce the number of people by fifty per cent, as I have already stated we are already aware of the fact that there are insufficient wardens now and that increased poaching is taking place in some of our prime rivers in the Province I would suggest to the detriment of the salmon fishery, I cannot say at this point just what action the Province will take, but we will take whatever we can, and I hope whatever is necessary.

MR. FLIGHT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. FLIGHT: Would the minister indicate to the House how many moose licences have been received this year as a result of the new applications?

MR. SPEAKER: The hon. minister.

MR. HICKEY: I am sorry, Mr. Speaker, I do not have the information. I will get it for my hon. friend. I think it is the second time he has asked for it.

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

MR. STRACHAN: A question for the Minister of Mines and Energy. We have already had the draft regulations dealing with economic aspects of oil and gas. Could the minister indicate to us when he expects to table or come out with the environmental regulations dealing with the oil and gas development in this Province?

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

MR. PECKFORD: Mr. Speaker, as quickly as possible. I hate to put a date on it, because I did with the oil and gas regulations, I was a little optimistic in my forecast and so, therefore, I would not like to indicate a specific date, but we are working very hard to have them as soon as possible, and that could be by the end of this month. That would be, I would say, the earliest date.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. STRACHAN: Would the minister tell us whether he would be prepared to consider in these regulations or any future environmental regulations the consideration of a moratorium on drilling on the Hamilton Banks? As the minister realizes very well the drilling goes on until late in the year, late in the season so we either have a choice of taking the weather window, - a shortening through the weather window or else

Mr. Strachan:

placing a moratorium on drilling there, because should there be a blowout or any problem as we have seen in North Sea in the Fall of the year then they can spew gas and oil in the nursery of the fishery for this Province right through the whole Winter, right through to July before it can be capped.

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

MR. PECKFORD: Mr. Speaker, I am sure that will be considered in any regulations that we do propose, and I would be willing to consider a proposal.

MR. FLIGHT: Mr. Speaker.

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

MR. NEARY: Mr. Speaker, my question is for the Minister of Public Works and Services, Sir. Could the minister enlighten the House as to whether the investigation into the scandal in the Department of Public Works is just limited to one company only or is there more than one company involved in this investigation?

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

MR. ROUSSEAU: Mr. Speaker, I am not aware of any investigation into the scandal in the Department of Public Works. I am aware via the media—because I did not happen to be here on Friday; I was meeting with the Newfoundland Federation of Labour which people had asked me to do—but from the news reports I read it is the investigations into a company who have done work for the Department of Public Works, tried out through the Department of Justice. We are doing our own internal work. I am not prepared to comment on that until I have the answers, and when I have the answers I shall comment on it. But the investigation to the best of my knowledge, as the Minister of Justice indicated, I presume that the Minister of Justice would be handling something of that nature, is with a company doing work with the Department of Public Works, not with the Department of Public Works.

MR. NEARY: Mr. Speaker, a supplementary.

MR. SPEAKER: A supplementary.

MR. NEARY: Would the minister indicate who it was who took the initiative in asking for this investigation? And would the minister indicate the person who took the initiative, if he went through the Provincial Department of Justice, through the Federal Department of Justice, or straight directly to the RCMP?

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

MR. ROUSSEAU: I am not aware of it. If I may, by the way, the hon. member for Fortune-Hermitage (Mr. J. Winsor), I believe, it was Fortune-Hermitage asked a question on Friday morning. I was not aware of it, when I said I was not aware of it, I was not aware of it at that time. It came to light later during the day so I was not misleading the member in any way. I would assume it came out directly from or as a result of allegations made by the Auditor General. And how the actual mechanics of it occurred I do not know. I would assume it went through the Director of Crown Prosecutions. I do not know that, but I would assume that certain suggestions or allegations or charges whatever were laid, and the Director of Crown Prosecutions as a result asked the RCMP. Now I am not the legal officer of the Crown, nor am I a lawyer, nor do I know how that thing goes, but I would assume that to be the case.

MR. NEARY: A supplementary.

MR. SPEAKER: A supplementary.

MR. NEARY: In view of the fact that there were three companies mentioned, companies A, B and C in the Auditor General's report, there was more than one company, there were two companies, AB Walsh Electrical, AB Walsh Mechanical, and Noel's Electrical -

MR. SIMMONS: No, no. Noel's Electrical and Noel's Mechanical.

MR. NEARY: Noel's Electrical and Noel's Mechanical and A.B. Walsh, well then in view of the fact that there were two companies involved will the other company be investigated or just the A B Walsh Firm?

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

MR. ROUSSEAU: I have no idea. I mean the Auditor General feels that if there was any wrongdoing or if anybody else feels there is any wrongdoing and the suggestion is made to the Director of Crown Prosecutions or to the Minister of Justice, obviously certain action

Mr. Rousseau:

will have to be taken if there is any wrongdoing. And we are investigating as the result of undertakings I made to the Public Accounts Committee internally in the department, you know, what the situation is. And if there is any wrongdoing that has occurred appropriate action will be taken. You know, I think it is fair to say, and I would hope that those who have been involved, although the department has taken one hell of a lot of corrective action since the 14th. of December, which I think was the exact date, but some time around mid-December, when the first draft of the Auditor General's letter was received by all departments indicating what would be in it. Since that date the department has been working to its full capacity in an attempt to ensure that this sort of thing does not happen again. Now that is ongoing. In the meantime we are attempting also to tighten up the whole internal control weaknesses that the Auditor General pointed out. And we would hope that this sort of thing will not happen again and, like I say, in the meantime departmentally we are looking at the whole question. As a matter of fact I would love to be able to spend an hour or two this morning, and if I am gone for an hour or two this morning and you call a quorum, and we are not here, what are you going to do, you know? There is only so much. I would hope by Wednesday, as I indicated to the Public Accounts Committee, to have some answers to the questions they pose and to the House of Assembly.

MR. NEARY: A supplementary, Mr. Speaker.

MR. SPEAKER: A final supplementary, then the hon. gentleman for Burgeo-Bay d'Espoir.

MR. NEARY: Mr. Speaker, I can well appreciate and understand why the minister had to tighten up his department, that is obvious from the Auditor General's report, It is the natural thing to do, the obvious thing to do. But what about,

MR. NEARY: Mr. Speaker, now because all this has been brought to light does the minister intend to have a Royal Commission of Inquiry into all contracts that have been let by the minister's department, say, over the last three year period? Would the minister not think that it would be wise now in view of the things that have surfaced in the last few weeks to have an examination of all the contracts that have been let by the minister's department by a Royal Commission of Inquiry over the past three years?

MR. ROUSSEAU: No, the minister is investigating internally now and certain other actions. If there is any sort of study it will go back further than three years because this is not something new that has occurred. It is a way in which a department has functioned over many years, since before Confederation and a type of procedure.

MR. SIMMONS: Come off it. Come off it.

MR. ROUSSEAU: Well why three years, you know. We will go back and take a look at it right through, but I am just saying that we are looking at it internally. We are trying to attempt to find out. You know, because one situation is alleged to have occurred does not mean everybody down there -

MR. NEARY: Locking the barn door now does not make amends for any skulduggery that may have gone on and the minister should look into that.

MR. ROUSSEAU: Oh, no. That is not what I am suggesting. I am suggesting -

AN HON. MEMBER: (Inaudible) swept under the rug.

MR. ROUSSEAU: I am suggesting that we are conducting an internal - you know, down in the department, and if there is evidence of wrongdoing, yes, we will take action. If there is no evidence -

MR. NEARY: Who is doing it? The same people that gave out the vouchers are doing it!

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

MR. SIMMONS: A supplementary for the minister. I had other

MR. SIMONS: questions for him but I think since this subject has come up we might pursue it. I think there is some advantage in doing so. The information that came before the Public Accounts Committee which is now public was to the effect - and it is in contradiction of what the minister just said, so I would like him to reconcile the two - the information was that the real problem was created by the instruction in 1974 to use the direct purchase order. In view of that the minister is maintaining that this has gone on for a number of years. It is my understanding it has gone on for three years and that the official departmental reason for it is the change in the document being used. I would like to ask the minister if in his findings so far he has seen any need for a more full inquiry, an inquiry that is independent of the department. I think the minister must agree that what is happening now is that you have in essence a witness in his own defence. You have people in the department asking themselves if they have done anything improperly and I would suggest that is not the way to determine whether there has been any impropriety. I wonder would the minister entertain now the thought of having a full scale public inquiry under the Public Inquiries Act?

MR. SPEAKER: The hon. minister.

MR. ROUSSEAU: I stand corrected. The question of the purchase orders and the question of the work orders in my opinion have been answered satisfactorily. Well now, the Auditor General may not agree with the procedure. We have explained why this was done and, as I say, the RCMP now are investigating. We are investigating internally and we are not going to sweep anything under the rug. And I am certainly not going to stand up here next year and answer the same sort of questions. I am going to attempt, as are officials in the department, to insure this sort of thing does not happen again. If there is any wrongdoing down there then appropriate action will be taken. And as a matter of fact if there is any wrongdoing down there it would be well above my ability or responsibility or capability to sweep anything under the rug. If there have been any indications of illegality or breaking the law or breaking the Public Tender Act or anything of that nature, appropriate action will be taken.

MR. SIMMONS:

A supplementary.

MR. SPEAKER:

Baie d'Espoir.

A supplementary. The hon. member from Burgeo -

MR. SIMMONS:

Mr. Speaker, a supplementary to the same minister. The minister has made reference several times now in his answers to the possibility of some wrongdoing in the department. Is he in a position to indicate whether he suspects wrongdoing within the department or whether the investigation he has referred to - the internal investigation - is taking into account that possibility?

MR. SPEAKER:

The hon. minister.

MR. ROUSSEAU:

The - excuse me - the minister is not referring to wrongdoing. You know, obviously the question that came from the Auditor General and the hon. member from LaPoile (Mr. Neary) and the hon. member from Burgeo - Baie d'Espoir (Mr. Simmons) suggests some improprieties in this. They are asking for investigations. I say the possibility of that I do not know. That is what I am trying to determine now. I can assure hon. members if, if, if that there are improprieties appropriate action will be taken. I am not saying there are improprieties, but I am saying that the allegations made by the Auditor General and subsequent information that has been made known to me and publicly indicate that we have to take a look at the system. And, as I say, if there is impropriety appropriate action will be taken.

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

I am not recognizing anyone because - order, please! - because I am checking my watch. Apparently the clock there has stopped so the thirty minutes will never transpire, but I understand that the thirty minutes is up.

MR. SIMMONS:

This is just like hockey!

SOME HON. MEMBERS:

Oh, oh!

o o o

MR. NEARY:

I would like to move the following resolution, Sir.

WHEREAS the general level of physical fitness of the youngsters in our school system would appear to have reached a new low;

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MR. NEARY:

AND WHEREAS the -

MR. SPEAKER:

Order, please!

MR. SPEAKER: I thought first when I called Orders of the Day, the hon. gentleman was raising under the Standing Order which was applicable then. But is the hon. gentleman asking leave to revert to Notices of Motion?

MR. NEARY: Mr. Speaker, my understanding is that we have done it two ways in this hon. House, Sir. We have done it under Notices of Motion; usually we do it when Orders of the Day are called and move a Private Member's Resolution.

MR. SPEAKER: The hon. gentleman would have to ask leave, as I understand it, to now give notice of a motion.

MR. NEARY: Well, I would like to ask leave, Sir, to move a resolution.

SOME HON. MEMBERS: Agreed.

SOME HON. MEMBERS: No. No.

MR. SPEAKER: When I hear a negative voice then I cannot recognize the hon. gentleman.

MR. NEARY: Well I will move it tomorrow so it does not make any difference really, if they are that narrow-minded.

ORDERS OF THE DAY

MR. PECKFORD: Motion 4.

MR. SPEAKER: Motion 4.

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

MR. CHAIRMAN: Order, please!

The hon. the member for Windsor -
Buchans.

MR. CHAIRMAN: Is the hon. member going to speak?

MR. FLIGHT: No, no. I am getting my bills ready.

MR. NEARY: Mr. Chairman.

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

MR. NEARY: Sir, I presume this is the increase in the tax on insurance.

MR. CHAIRMAN: Bill 79, yes.

MR. NEARY: Right. Well, Mr. Chairman, there is not much else, I suppose, left to be said about this increase in taxation. We have gone over the ground fairly well about the amount of extravagance and waste that is carried on by this administration to the extent that we almost had blows. There was almost physical contact in the House. I do not know why the administration are so jumpy and jittery these days, Sir. I realize that the Premier is under tremendous pressure, that the administration is being rocked with one scandal after another, starting right back with the gear replacement scandal that seems to have faded into the background for some reason or other, where we were told \$3 million or \$4 million of the taxpayers' money were involved.

The minister is looking for \$2.8 million and here we saw \$3 million or \$4 million, so we are told, although only two charges have been laid so far in this particular scandal. Now we hear of the scandal down in the Department of Public Works, of extravagance and waste of the taxpayers' money. We know of the escalation in the cost without justification of the Health Sciences Complex, we know of the trebling of the cost of the Carbonear Hospital, and the funny part about it, Mr. Chairman, is that the administration sits back and does nothing about it.

When the Auditor General's Report was brought into this House - let me point out, Sir, for the benefit of hon. gentlemen who were never ministers, my hon. friend the member for Twillingate (Mr. Smallwood), the former Premier can back me up on this - that before

MR. NEARY: the Auditor General tables his report he writes the various ministers to bring to their attention certain irregularities or certain improprieties or certain procedures that are being violated in their departments. This is done months before the Auditor General's Report is tabled in this hon. House. And it is done for a very good reason, to notify the ministers and the government and the Premier of what is going on in the various departments before he submits his report to the House so that they can rectify any irregularities or change any procedures that the Auditor General may have recommended that needed to be changed. Then the Auditor General presents his report to the House.

You would think, Mr. Chairman, you would think that an administration that is on an austerity kick, an administration that needs more money, rather than bring in a recommendation for an increase in taxes would follow out some of the recommendations that were made, in writing, first of all to the ministers and to the Premier, would carry out the recommendations of the Auditor General. And if they did not do it then they would have done it when the report was brought into the House and there was a barrage of questions from the Opposition to the various ministers in the administration whereby the government had poured down the drain, through extravagance and waste, through improper procedure, through appearances of collusion and influence peddling and everything else, skulduggery, under-the-table-deals, you would think, Sir, that the administration on their own, the Premier of this Province should have for his own protection and for the protection of his government and in the interest of good government, and in the interest of his party, should have taken the initiative and either heads should have rolled in various government departments,

MR. NEARY:

including ministers' heads

if necessary, Sir, because the hon. gentleman tells us now about the internal investigation that is going on. What the hon. gentleman does not realize, Sir, is that there is a captain of that department and the minister is the captain. It has not always been the hon. gentleman, it has been certain other hon. gentlemen.

MR. NEARY: Well, minister's heads should roll as well as civil service. Do not pawn it off on the civil servants. The authorization of that voucher had to come from the minister of that department.

MR. ROUSSEAU: May I, as a courtesy? Let me say this: I respect and understand exactly what the hon. member for LaPoile is saying and I understand correctly who is responsible for the Department of Public Works and Services and that is this little boy sitting right here, I understand that, I understand what my obligations are as a Minister of the Crown, I know who runs that department and let me assure the hon. member that I am well aware.

MR. NEARY: Well, Sir, the hon. gentleman was not always the hon. gentleman who ran that department.

MR. ROUSSEAU: I am now.

MR. NEARY: The hon. gentleman is now but there were a number of hon. gentleman who were responsible for the running of that department.

MR. ROUSSEAU: Well, I will go beyond what the hon. member is suggesting. I am the minister now and I hold full responsibility now and now is when this is happening.

MR. NEARY: I appreciate that, Mr. Chairman, but my point is that the investigation should not just stop at the -

MR. PECKFORD: A point of order, Mr. Chairman.

MR. CHAIRMAN: A point of order

MR. PECKFORD: The hon member for LaPoile is supposedly addressing himself to "An Act To Amend The Insurance Premiums Tax Act " (Bill No.79) and I suggest that in his continuing comments he has been for the most part now, in the last number of minutes, dealing with irregularities, alleged irregularities in the Department of Public Works and so therefore I would suggest that he is being irrelevant

MR. PECKFORD: somewhat to the main principle under discussion, that is Bill 79.

MR. NEARY: To that point of order, Mr. Chairman.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Your Honour knows full well that when you are discussing a tax bill, any tax bill that it is a wide ranging debate. It is the duty of any member on either side of the House if they can show the government how they can save money rather than bring in additional taxes then that is our duty to do that, Sir, So I am completely in order. The hon. gentleman just does not understand what we are doing here now, Mr. Chairman, in committee when we are discussing a tax bill.

MR. CHAIRMAN: Order, please! Although discussing the resolution I feel that the hon. member is drifting a bit and not really relevant and I will ask him to keep it in range a little bit more. I know we have a wide-range of debate.

MR. NEARY: Your Honour was very cagey there in his words, I do not know how far you can drift on a tax bill, Sir, As far as I know you can drift as far as you like. But I will reflect Your Honour's observations, I do not think Your Honour really made a firm ruling but I am merely trying to point out, Sir, to the House the savings that could result if the ministers were alert and were not sloppy and were not conducting and running a loose ship, running a sloppy department, the amount of money that could be saved, and the Minister of Finance would not have to come in then and ask for \$2.8 million, the increase in the insurance tax. And that is why I am suggesting, Sir, that government, you know, over the last four or five years government some how have accepted the position, especially the Premier who is the captain of the ship, really, just the same as the captain of the William Carson answers for what happened to the William Carson.

MR. NEARY: The Premier has to answer for what goes on in his administration and if there is inefficiency, incompetence and extravagance and waste and patronage, if there is an investigation it should not just be limited to the civil service, to the public service. It should also involve politicians and to see if heads should roll at that level and not just

MR. NEARY: . let the blame go over on the public service and that is what I am suggesting, Sir, because ministers really, Sir, ministers by precept and example are the ones who authorize any changes like we saw in that voucher that cost the taxpayers of this Province literally millions of dollars unnecessarily. I am told that this same firm did a job at another government building and the system has not worked since, that you go in and push a button to turn on a light in one section of the building and a light comes on in another section, and you push on a button to light up one office and a light comes on in another office. And so the government are going to have to get back an electrical firm to rectify the mistakes that were made by this company that were given this work without calling public tenders.

It is a great scandal, Sir. Look, one scandal after another has rocked this administration and yet the news media of this Province appear to be docile about the whole matter, no investigative report, just let it go on as if it is a way of life that people are shocked and alarmed over and yet it seems to be an accepted thing in this Province. You can go right back to the fishery scandal, the Scrivener scandal, the Public Works scandal, one after the other. The administration is rocked with scandal, riddled with scandal.

Over in New Brunswick they certainly did not sweep it under the rug but here it seems to be the policy, it seems to be accepted practice. Oh yes! We will do an internal investigation. This is something new, doing an internal investigation when it should be a police investigation to get to know these matters.

Your Honour will remember the first year the administration was in power they went on a witch hunt, the whole year they did nothing, did nothing for a whole year only conduct a witch hunt and looking in the dark closets of Confederation Building trying to dig out something about former ministers and the former administration when they should have been attempting to run this Province. And now they are on the defensive and instead of following

MR. NEARY: out the procedure that they used by having offices and houses raided, they are having internal investigations and the ministers and the politicians and the elected representatives of the people think this is going to justify the extravagance and the waste and the examples of impropriety and wrong-doing. Well, it is not going to satisfy me and it is not going to satisfy the people of this Province. And I believe the Minister of Finance, Sir, should withdraw this bill and see if we can recover from some of the contractors that have been doled out money right, left and centre, the taxpayers' money in return in most cases for very little work, bailing it out right, left and centre, instead of that the minister should withdraw that bill and demand that the Minister of Public Works, not the present minister - well, the minister is responsible now but there were other ministers in that department who were equally to blame as the minister for any wrongdoing that went on in that department. The minister just admitted that - demand of the Minister of Public Works that he cough up this \$2.8 million. Have a royal commission of enquiry going back over a three year period, on all contracts awarded by this government in the last three years, especially the ones to A. B. Walsh. But apart from that, what about the Scrivener scandal? The minister should agree to a royal commission of enquiry going back three years and have the Minister of Finance withdraw the bill and find out if the Minister of Public Works cannot come up with this money being wasted on the Health Science Complex, the Carbonear Hospital, repairs and maintenance to government buildings. It is scandalous.

Mr. Chairman, I will tell you - look, you know I do not understand it. I get completely frustrated at the attitude of the news media in this Province, how they are so docile about

Mr. Neary:

these matters. It would not happen in any other Province of Canada. Just let it ride along. Ride along. Take the minister's explanation. No digging on their own. No delving and probing and investigative reporting we see going on. And therefore the public just sit back not realizing, I suppose, the magnitude of the extravagance and the waste and the scandals that have rocked this government. And so I say, Sir, I am going to vote against this Tax Bill, and I am going to vote against any other Tax Bill that the minister brings in until it is proven to my satisfaction that the administration are genuine and sincere in trying to eliminate extravagance and waste and scandal and collusion and patronage and corruption and under-the-table deals, and foolish waste of the taxpayers money. Until they can prove to my satisfaction that they are prepared to take off their coats and get down to brass tacks, and correct these kinds of situations that I was talking about and not take it out of the backs of the ordinary people of this Province, then I am going to vote against all the Tax Bills that are brought into this House in this session.

MR. CHAIRMAN (MR. YOUNG): Shall the resolution carry?

SOME HON. MEMBERS: Carried.

MR. CHAIRMAN (MR. YOUNG): Carried.

The hon. member for Burgeo-Bay d'Espoir.

MR. R. SIMMONS: Mr. Chairman, I do not know how many more Tax Bills are yet to come.

AN HON. MEMBER: Two or three.

MR. SIMMONS: Two or three, eh? It has been now, - what? - months well, a month and a half, five or six weeks since we had the Budget, and the government is up to its old tricks, of course, bringing in the Tax Bills just before they want to shut her down.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Well, we may have to keep her open for a while, Mr. Chairman, because there are certain things that need to be said and it gets more interesting by the day. Every day around here you learn a few things and you see the need for some pretty close scrutiny

Mr. Simmons:

on this government. I find myself this morning much of the mind of my friend from LaPoile (Mr. Neary), we are on the same wave length and I do not know if that is to his credit or mine, but I am almost predicting what his poll is going to show when they are all tallied up from LaPoile.

Mr. Chairman, I believe central to any decision to give approval for any further increases in tax rates, be it insurance, gasoline or income tax or whatever else might be coming up, central to any approval is the question of whether this hon. crowd can manage the bit of money they got now. And I am fast coming to the conclusion, Mr. Chairman, that this government is either unwilling, unable or otherwise lacks the interest to even be concerned about the day to day running of government. And as a result there are some fairly sloppy things happening. The member for LaPoile talks about scandals. It is an easy word. It is a dramatic word, and it draws attention to the problem. I do not know whether what we are seeing unfold in the last few days constitutes scandals or not. I do know that at very best it constitutes what must be the sloppiest financial management, the sloppiest fiscal management of any government anywhere. There cannot be a crowd anywhere, Mr. Chairman, that runs a ship as loosely as this one. There just cannot be.

Mr. Chairman, let me talk about what I would choose to call the Public Works affair. Look at that Torbay hangar job, Mr. Chairman. You know, the amounts of money, the numbers of work orders,

MR. SIMMONS: the procedures, the lack of inspection, the lack of certification, forget scandals, Mr. Chairman, just talk about routine procedures that you would follow if you were just getting a house built for yourself, let alone if you were entrusted with hundreds of thousands of dollars of public money. Nothing, Mr. Chairman, anywhere on paper in relation to that entire job which cost \$305,000, nothing that indicated government ever consulted anybody about what the cost might be, nothing to indicate that the job was ever certified. There is not a single scrap of paper anywhere in the government files, I am told, that any part of that job was ever certified for payment, except on the invoices themselves which obviously the inspector could not have lugged around with him as he checked the job and somewhere along the point he sat down in an office, I am told, and initialled hundreds - well in this cases sixty-six but in terms of the total practice he initialled hundreds upon hundreds upon hundreds of jobs as certified, goods received, that kind of thing.

Now, Mr. Chairman, if there is not scandal this government should be extremely grateful because she was wide open for a scandal. All the ingredients are there, all the ingredients, and a couple of ingredients that nobody had any real control over. The minister during a part of the time was a gentleman who was away, through no fault of his own, but was away from the job because of illness. We know that and I say that is not his fault. But I introduce it as a factor because it may well have been that when the cat was away the mouse saw the opportunity for playing. The minister was away during an extended period, there was no effective head of the department for a period, one ingredient. Number two, it is known that for an extended period the then deputy minister was ill and was physical away from the job for weeks on end. Again not his fault. I am not blaming here. I am just stating a couple of factors.

MR. SIMMONS: that may well be ingredients in the overall set up. The minister was away, the deputy minister was away. Now who was the acting deputy minister? Ah ha! The acting deputy minister, of the three assistant deputy ministers the acting deputy minister was also the Assistant Deputy Minister for Property Management. And I point the significance of that to the minister because that should not be lost on him.

The acting deputy minister during the period, or much of the period, was the ADM for Property Management. Now the Committee will know that it is the property management area in which this whole matter that we have been talking about comes. The Torbay hangar job, the other buildings, the LeMarchant Road job, all these come under property management and so you have a situation where about - in terms of electrical maintenance - you have a situation with three people and three people only were effectively in the driver's seat. The minister was gone during a period, the deputy minister was out ill, the acting deputy minister was the ADM for property management. Under him you have the Director of Property Management and under him you have the Chief Electrical Inspector.

MR. PECKFORD: Mr. Chairman, on a point of order. I do not want to interfere with what the hon. gentleman is trying to say but to me this seems to be not the place or under the appropriate legislation to discuss this matter now, that the bill under consideration is one to increase taxes and that the hon. member for Burgeo - Bay d'Espoir had delved quite in detail, quite extensively into matters pertaining to alleged irregularities in the Department of Public Works and Services and that it is very difficult to connect alleged irregularities in the Department of Social Services in the detail to which the hon. member for Burgeo-Bay d'Espoir has now involved himself with the principle and resolution of this bill.

MR. SIMMONS: To the point of order, Mr. Chairman. Any debate on a money bill has to be fairly broad. I was leading up to an example to demonstrate that the money this government already has is being fairly badly managed. I believe I am well in order. If the Committee finds me not in order, Mr. Chairman, if there are certain things I cannot say in the House I shall choose to say them outside the House because they need to be said. But aside from that, Mr. Chairman,

Mr. Simmons: I believe, I submit I am well in order. I am pursuing an example of fairly loose fiscal management. I said nothing about irregularities. It was the minister who said that. I was talking about fairly loose fiscal management, and I believe that is germane, Mr. Chairman, to the question of whether we ought to vote more monies for this government.

MR. CHAIRMAN (MR. YOUNG): To that point of order. It is quite hard to define a narrow line in debating a resolution, and probably the hon. member was taking quite a time to get around to his point, so I will more or less ask him to speed it up a little bit and to continue with his debate.

MR. SIMMONS: Thank you, Mr. Chairman.

I was saying that the set up in the Department of Public Works at the time was such that three men, the Chief Electrical Inspector, the Director of Property Management, and the Assistant Deputy Minister for Property Management, who at that time was also the Acting Deputy Minister during a part of that time, these three people had effectively or were effectively in the driver's seat in terms of authorizing, in terms of making decisions, in terms of approving projects.

As a result, Mr. Chairman, the ingredients were there for very sloppy management at least, and we know that indeed took place. But the ingredients were also there, Mr. Chairman, for wrongdoing, for wrongdoing. And I am a bit disturbed about the minister's attitude in Question Period this morning. The facts of the case as they relate to the hangar in Torbay lead me to believe that there ought to be a fuller investigation, which would have the affect of at once clearing the innocent, but identifying any person who may not be innocent in this. And I feel strongly, Mr. Chairman, that there are some people who are not very innocent in this.

Now the member for LaPoile (Mr. Neary) asked this morning in Question Period how this thing got started, who initiated it. I will tell him. If members will check the questions that were

Mr. Simmons:

asked after the Auditor General's report came down, they will find that a number of us, including myself in particular, were asking questions about the A, B, C companies. It is also significant and to the minister's credit, by the way, that I believe he is the only minister who has even bothered to address himself to the comments in the Auditor General's report. He is the only minister who has yet come in the House, the Auditor General's report has been down since the first week in February, February, March, April, May, over four months now, four months and only one minister even bothers to reply in any detail to the comments raised in the Auditor General's report. Only one minister, the Minister of Public Works and that is to his credit.

Now, Mr. Chairman, the questions were asked in early February, and we were told that we were just playing politics with it, and we had nothing to worry about and that kind of thing. As a matter of fact the last thing the minister told us in his nine page statement was the name of the companies, the very last thing that he told us, the very last thing.

Well, we had a couple of meetings of the Public Accounts Committee, and in particular the meeting of May 13, I read the transcript over the weekend and I must say, Mr. Chairman, it was like pulling teeth, it was like pulling teeth, asking questions of the various witnesses at that particular meeting. And eventually I found myself saying to the Committee that in effect what I wanted to know, and the reason I was asking the questions, what I really wanted to know was there some impropriety? Was there some impropriety in the spending? I have said before in the Committee and I say so in this House now, I believe there was. I believe there was. If there was not I will be the first to apologize. But I have some fairly clear indications that I believe there were clear improprieties in the spending of the money.

Now, Mr. Chairman, for that reason I kept asking the question again and again, I went over it during the weekend

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Mr. Simmons:

and I think I must have put the question in one form or another about ten to twelve times. On May 13, Mr. Chairman, the Auditor General,

MR. SIMMONS: not only the witnesses from government but the Auditor General himself, and his staff were not particularly concerned about the companies for at one point a representative of the Auditor General's office said "We did not specifically select the companies to say there was anything bad on the go or anything like that"

AN HON. MEMBER: When was that?

MR. SIMMONS: That was on May 13th.["] And we did not specifically select them to say that the Department of Public Works was doing anything. And then later one of the members of the committee said, "So what you are saying is it is not the companies you are concerned about, it is the whole system." It is the whole system; not the companies, it is the whole system. As a matter of fact, it was the member for Mount Pearl who put that question, "So what you are saying is it is not the companies you are concerned about it is the whole system." And the Auditor General replied, "That is right!" That was on May 13th.

I hope the member for LaPoile is listening because I am about to answer his question. On May 13th the Auditor General's office indicated that they were not particularly concerned about the companies, it was the system. And then subsequent to May 13th, at the request of me as chairman of that committee, the Auditor General undertook to get certain information - on May 13th the auditors undertook to get certain information, On Thursday, May 26th, when I arrived in the building he was here to tell me, at that time in confidence, as Chairman of the Committee, that having gotten the details that I had requested he had come to the conclusion that there was evidence of possible wrongdoing. And as a result of that conversation he talked to the Director of Public Prosecutions, who in turn convened a meeting of the RCMP on the Monday and who wrote the RCMP on the Wednesday afternoon.

MR. SIMMONS: The same day the committee met when the minister was present. That is the sequence of events and I use it for a reason.

MR. NEARY: It is most irregular, I think the hon. gentleman would admit, for the Auditor General to have to take the initiative, It should be the Premier or the minister who should be taking the initiative on the recommendation of the Auditor General.

MR. ROUSSEAU: I am surprised that the Auditor General did not bring that information to me, I am very surprised.

MR. SIMMONS: Surprised he did not bring it to -

MR. ROUSSEAU: Did not bring the information to the minister, you know.

MR. SIMMONS: I see, yes.

MR. ROUSSEAU: And as the hon. member knows, I presume knows, he did not.

MR. SIMMONS: No, I am aware that the Auditor General did not. I would assume and I cannot speak for him; that is a matter for him to answer - I would assume that in this particular case the minister's department could be conceivably involved and in that context it might be awkward. But aside from that, the Auditor General, of course, has two or three procedures that he can follow; one, he makes his annual report to the House; secondly, at any time when he thinks the need arises the act gives him the authority to make a special report to the Lieutenant-Governor in Council, thirdly, as an Auditor General and as a private citizen as soon as he has evidence of possible wrong doing he ought to report it to the proper authorities. And he did as I would do as a private citizen; he went to the Director of Public Prosecutions.

MR. ROUSSEAU: I am not questioning that. I am just saying that, you know, it would have been a nice courtesy to the minister had the minister himself been informed.

MR. SIMMONS: Sure, okay. Courtesies aside, we will settle up the courtesies and worry about the feelings after. But the essence of the problem is this, and here it is stated as simply as I can state it; in February when this matter was first raised in the Auditor General's report we asked questions they were swept under the carpet. They were made of non-effect at that particular time. As late as May 13th I was asking questions and it was only when the impartial investigation was undertaken in some more detail - and remember that the Auditor General himself had done a fairly thorough audit of the Department of Public Works, it was the one department that he had singled out and that is how he came upon this. But even then he had not twigged to what I had been hearing all over town, in letters, in telephone conversations, in personal visits all over town. Since Friday I say to the minister I have had two telephone conversations initiated by people other than the initiator on the other end of the line giving me other examples that should be followed up. And the questions I raised in the May 13th meeting, I do not mind saying to the minister, were prompted by information I was getting on the T.V., off the record, if you like, and that is what told me I should keep probing.

And as a result of my probing in the May 13th meeting, when I said possible impropriety about ten or twelve times,

MR. SIMMONS: the Auditor General finally went back and delved in some detail and as a result of that he found information that he was not even aware of before, enough information to dictate to him to take the unusual step of asking for a police investigation.

Now what I am saying to the minister is very clear; that if that is the case in relation to one company, how much is possibly there if somebody did a thorough investigation? And I said to him a moment ago, and I want to connect up with what I have said now to what I said a moment ago, that the ingredients were there. The minister was away, the deputy minister was away. Three people only were in the driver's seat, three people who worked fairly closely together for a number of years. The ingredients were there, clearly there for a possible wrongdoing and the only way we are going to answer that question, the only way we are going to answer it is if we call in an outside group. Look, we have done it in this House, we have done it for one television set, so do not let anybody tell me that this is not a big enough issue for a public enquiry. We sat here two or three months ago and voted for a public enquiry on a television set, on one television set, and here we are talking about a situation where I can tell you without fear of contradiction that in the case of the Torbay hangar job the supplier, the contractor inflated quantities. There are more light bulbs on this bill than you could get in that building if you tried.

The inflated quantities, number one, two, the inflated man-hours. There are more man-hours on this bill than you could fit in down there. And if you want - that is one job - I will tell you about another job, very briefly without naming names at all. I know of another place in this city where an electrical contractor was in and where he billed out after the fact,

MR. SIMMONS: man-hours, and I have a copy of all the man-hours he billed them out, and if you take the total man-hours he put into it - and listen to this: in an eighteen month period that contractor, according to his bills, put in 21,348 electrician man-hours, 21,348. If you divide that out in that particular job - which the department, by the way says is something over 204 jobs - if you divide that out for that one electrical contractor, 21,000 for eighteen months, divided by - you know, have them working Christmas Day and everything, and divide it out, five days a week, eight hours a day for a year and a half and he had to have seven and a half electricians there every moment of the day. Can you imagine all the work seven and a half, or seven electricians can do eight hours a day, five days a week for eighteen months?

Now that is why I keep asking the questions. I am not wanting to harrass the minister. I am not wanting to say Scandal! Scandal! Scandal! I am just telling the minister he is sitting on top of a time bomb. He is sitting right on top of a time bomb, and I can give him other examples but I do not want to parade these publicly. There are all kinds of examples and I say to the minister that there is no way that that Torbay hangar job could have been billed out and paid for without at least the active knowledge or two or three people in the department. It just could not have happened. There was nobody that stunned, nobody that stunned that they could not have said, "That is a lot of light bulbs. That is a lot of man-hours."

The other job I just made reference to, I will not say the details of it because the information has just been handed to me this morning and I have the copies there right now, as soon as I sit down, to get to the Clerk of the Committee so it can be circulated to the Committee members. So I will not mention the job but I just give it to him as an example that there were 21,000 man-hours, seven men

MR. SIMMONS: a day, eight hours a day.

MR. ROUSSEAU: Give it to me privately?

MR. SIMMONS: Pardon?

MR. ROUSSEAU: Give it to me privately?

MR. SIMMONS: Oh, the minister will have a copy as soon as I sit down. I just got the information now in the last few minutes before I came into the House and I have copies for the Public Accounts Committee. Oh! I see what you mean. I am sorry. Sure.

Is there a page? While we are doing this, if the minister and if the House does not mind -

MR. SMALLWOOD: It should have been -

Mr. Simmons: No, no! Actually I made reference to some information I had for the Public Accounts Committee, and the minister asked me if I could have a copy of it. He would wind up getting a copy Wednesday anyway, so I will just let him have a copy beforehand, that is all.

MR. NEARY: The minister will hate you.

MR. SIMMONS: No, no. This is some information, for the benefit of the member for LaPoile (Mr. Neary), I was just mentioning that quite in addition to the Torbay hangar job there is another job where a lot more money was spent, a lot more money was spent on one building or on one building complex.

MR. NEARY: That is not the Recreation Centre, is it?

MR. SIMMONS: No, no.

MR. NEARY: There was some spent on that too.

MR. SIMMONS: Yes, and as a matter of fact the calls I -

MR. PECKFORD: Mr. Chairman, on a point of order again. I understand the great leeway that can be given on tax bills, but I once again raise a point of order. In my opinion the hon. member is straying and not linking up the whole thing to money matters, but is continuing to go into extreme detail, meticulous detail on the whole question of alleged irregularities in the Department of Public Works, and is not very often or on a regular basis trying to take any pains to link this to the increase in rates of the Insurance Premium Tax, which is the bill under discussion.

MR. SIMMONS: To the point of order, Mr. Chairman, I am presuming that even the member for Green Bay (Mr. Peckford) has some ability to link up. What I am saying in effect, Mr. Chairman - I will do it in a more elementary fashion for him, if he likes - I am saying there has been, there is evidence of pretty sloppy spending. Therefore - and I am going slow for the minister - therefore before this crowd asks us for any more money they should spend well what they have. Now, Mr. Chairman, I am giving a particular example. If you would rather I dwell on the generality of it, I am prepared to do that. I know he does not want to hear the examples because the examples are

Mr. Simmons:

devastating. The examples may well constitute a scandal which gets at the very heart of this government. That is another issue.

MR. CHAIRMAN (MR. YOUNG):

As I said previously

this is a broad ranging debate, and although probably it is taking the hon. member some time to get around to the point he is expressing his opinion as to why the tax should not be imposed. I

ask him to continue.

MR. SIMMONS: Thank you, Mr. Chairman.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Mr. Chairman, as I was saying before I was -

MR. NEARY: How can you stomach it? You were always against scandals, were you not? How can you stomach it?

AN HON. MEMBER: (Inaudible)

MR. NEARY: How can you stomach it?

MR. SIMMONS: Mr. Chairman, as I was saying for the benefit of the hon. member for LaPoile (Mr. Neary), there is another building or a set of buildings - there are two or three buildings involved - right beside each other in town where a particular electrical contractor has done a lot more work. The Torbay example is just a drop in the bucket; remember it was \$305,000, sixty-six work orders. But I am talking about another one now, Mr. Chairman, where there were 204 work orders, and are you ready for the amount? 204 work orders -

AN HON. MEMBER: (Inaudible).

MR. SIMMONS: No, no! It is not in there! Two hundred and four work orders totalling \$616,000.

MR. NEARY: What building?

MR. SIMMONS: Two hundred and four work orders -

MR. MCNEIL: Are you sure? Are you sure?

MR. SIMMONS: Yes. \$616,000.

MR. NEARY: What building was that?

MR. SIMMONS: I do not think we need to point fingers at the building right now because I want to make a point without drawing

Mr. Simmons:

attention to the building. The building itself will get discussed in Committee on Wednesday. But I do want to make the point to the Minister of Public Works, in particular, that he is on a very dangerous course when he insists that the best way to do this is internally; he is on a very dangerous, on a very sticky wicket. Because I say to him that the Torbay job and the job that I have just quoted, the \$600,000, and the LeMarchant Road job, and we could talk about many, many others, there are fifteen or twenty of these - how about if I told him about another one, another one altogether, which is not in this documentation, on which last evening I had a call from the person who is in charge of that particular building, that is to say he is the boss man in the building where his function is being performed, and he said, "Look, I see you are in the paper about this A.B. Walsh crowd." He said, "Do you want to know something?" He said, "That crowd have been over in our place since January, we do not know what they are doing over there." He said, "Nobody", he said, "I actually took the trouble to ask my superior

MR. SIMMONS: if anybody requested any work to be inspected or done over in our building"-

MR. NEARY: Not only that, but this particular gentleman asked for a full-time electrician and they would not give one to him and he could have got him for about one hundredth of the price it cost to put the contractors in there. Were they loafing around?

MR. SIMMONS: It is on this particular building I am talking about. The contractors have been there since January, steadily there since January, and I asked the fellow if he could get me an estimate of how much work was done. So he did it and he called me back. And he said, "Well, look, boy, this is pretty rough," he said, "but it would seem that there is anywhere from \$60,000 to \$100,000 for electrical work.

MR. NEARY: And they would not give him a full-time electrician, only staff, which they could have got for about \$12,000 or \$13,000.

MR. SIMMONS: I do not know if we are talking about the same building.

MR. NEARY: Well it is not too far from here. You can see it from this building here.

MR. SIMMONS: I see. No, no. Yes, I know that story too. That is another one. But I am talking about one further downtown. You could not see it from here. Not physically could you see it from this building even if the fog had lifted.

So, Mr. Chairman, you know, if what the minister wants is the old sledgehammer approach, if what he wants is an example today, I can give him one today in the press, I can give him another one tomorrow, I can give him another one Wednesday, for the next three weeks. I say to the minister, I can give him another example in the press each day which will help influence public opinion towards the need for an inquiry. Or instead, since he is sitting on top of the heap, he can do what has to be done right today and say, 'Look, there is only one way out of this mess or this possible mess, only one way, and that is do what the Premier did on the T.V. set, bring a motion into the House setting up a full public inquiry under the Public Inquiries Act.' Now if somebody can convince me that a T.V.

MR. SIMMONS: set is important enough to have an inquiry on but \$616,000 or \$305,000 is not, well, I would like to know where the priorities are with this crowd. I would like to know how they justify one and not the other. And I would have thought, Mr. Chairman, that once the word was out that the RCMP were in investigating the Torbay hangar job, I would have thought it was only a matter of the minister getting time to get back to his desk to draft the necessary resolution that we would have the full inquiry. And I do not know what they are holding out for. And I will tell you the net result of the holding out. The net result of it, whether the minister is aware of it or not, is that if there is some wrongdoing -

MR. NEARY: Covering up.

MR. SIMMONS: - there is room for a cover-up. And I will tell you what I am afraid of, seriously. I am seriously afraid, with the evidence I have, Mr. Chairman, that we may well have another Viking fire one of those days, not necessarily in the Viking Building. People are getting pretty hot to trot, Mr. Chairman. People are getting pretty nervous. When I am told, Mr. Chairman, that one person who was being asked too many questions about the electrical work being performed said to a third party, "I do not know if I should answer any more questions without my lawyer present," it makes me wonder, Mr. Chairman, and I cannot help saying that. Now again, you know, I could wave my arms and talk about scandals and so on and so forth, but I believe, more central to the issue, Mr. Chairman, is the need for the Minister of Public Works to do what has to be done. Mr. Chairman, it is clear. How much more convincing do they need? And as I said to him, if he needs more I am prepared to parade out an example every day of the week for the next three weeks because I am convinced that the only way to know really what has gone on here in the past two or three years - and if they want to go back twenty years, Mr. Chairman, that is all right by me too. I am not concerned whether they do that or not. It does not bother me one way or the other. If twenty-five years makes them happier, or twenty-seven or whatever the magic figure is right now, that is fair by me. But at least I would like to know whether the people presently in the department and the people

MR. SIMMONS: presently doing work for the government without any tenders called, and bear in mind what I said just now, Mr. Chairman, \$616,000 here over a three year period with no tenders called, not one tender, Mr. Chairman, for that entire amount of money not one tender, \$616,000, 204 work orders altogether, an incredible situation, incredible!

AN HON. MEMBER: What a mess!

MR. SIMMONS: That is right. An incredible situation! You know, what a sloppy way! It is like a fellow going to build a house and he says, 'Now I think I will have company X build the living room for me, and have

MR. SIMMONS: company 'Y' build the bedroom but they will not put the paper on the North wall, I will get company 'Z' to put the paper on the North wall and I will get company 'R' to put a light in the ceiling, but the lamp I am going to get put in by another company. The carpet on the floor, that will be another company, except the carpet in the hall should be by another company.' And it is just that ridiculous, Mr. Chairman. It is like deciding to build a house. Well, the house of about \$40,000 or \$50,000 on this scheme right here would be built by about, oh probably, twenty contractors. You would have twenty contractors in building a house. Can you imagine that? I mean even the stupidest, even the stupidest of us would not do it that way, and yet that is what they have done here.

Not only that, Mr. Chairman, I am being kind. I am talking about twenty different contractors to build a house. They had 204 contractors but it was the same contractor. All 204 work orders, Mr. Chairman, without exception were written out to the same contractor. That contractor got \$616,885.65 and this crowd wants me to approve some more money? They are nuts! They are nuts! They are spending much too badly what we have already and they want a few more cents to guzzle away on their buddies? Not likely. Not likely, Mr. Chairman. I have done some foolish things in my day but I am sure I am not going to become this stupid this late in the stage. More money they want, is it? If they would clean up their act, Mr. Chairman, they could very well get along on the money they have.

Mr. Chairman, let us go back to the Torbay hangar job for a moment, that job that cost \$305,000.

Experienced electrical consultants in the field say that could have been done for anywhere from \$75,000 to \$125,000. It could have

MR. SIMMONS: been for anywhere from one-quarter to one-third of the amount, Mr. Chairman.

MR. N. WINDSOR: Point of order, Mr. Chairman.
The hon. gentleman is obviously referring to some figures that he tabled in the Public Accounts meeting last week. These figures were gotten from electrical contractors, I understand, by telephone, with the hon. gentleman saying, We would like this and this and this done and giving a rough idea of what work was to be done. No contractor could give a valid estimate based on those figures. Certainly those figures were not accepted by the Public Accounts Committee. I made it very clear myself, as a member of that Committee, when they were tabled that I did not consider they were worth the paper they were written on and I say so again now. If the hon. gentleman wishes to refer to them, of course, he may but let it be made very clear that they are only figures that he received by telephone and are certainly not valid.

MR. SIMMONS: Mr. Chairman, I submit at most it is a difference of opinion. It was the member for Mount Pearl (Mr. N. Windsor) who made reference to the Public Accounts Committee. I at no time mentioned them in relation to the Committee, I mentioned only that electrical consultants had told me. I understand in this day and age it is legitimate to be told by telephone. I understand a lot of things are said by telephone quite legitimately. So actually, Mr. Chairman, the member is right: I committed the sin of talking by telephone. I got my information by telephone, I did it on the basis, Mr. Chairman, of fairly exact information but I do not think that is germane to the point of order. The fact is that we have a difference of opinion and I am glad on this one, Mr. Chairman, that I am on the side that is saying the job cost too much.

MR. SIMMONS: If the member for Mount Pearl (Mr. N. Windsor) thinks it did not cost too much I am glad he is saying it and not me.

MR. PECKFORD: Mr. Chairman, to that point of order. The question of whether a telephone is a legitimate form of communication in this Province or anywhere in this Continent is hardly the question at issue that the hon. the member for Mount Pearl was trying to elucidate on a few minutes ago. The question is that the hon. the member for Burgeo - Bay d'Espoir is using figures which he by implication is saying are valid in relation to dollar value for work performed at Torbay in relation to the speech that he is giving. All the hon. the member for Mount Pearl is trying to say is that these figures that the hon. member is using and by implication is saying they are valid, are not valid and that is all of it as I understand it.

MR. CHAIRMAN: The point of order as raised by the hon. the member for Mount pearl has been responded to and explained by the member for Burgeo - Bay d'Espoir and I feel it is just a difference of opinion and I will ask the hon. the member for Burgeo - Bay d'Espoir to continue.

MR. SIMMONS: What was the ruling?

MR. NEARY: You are all right.

MR. SIMMONS: Difference of opinion?

MR. NEARY: Go on, you are all right.

MR. SIMMONS: Okay, thanks. Mr. Chairman,

I am glad the member for Mount Pearl raised the point of order because perhaps I ought to explain to the Committee exactly what I did on this particular issue so there is no doubt about the validity of my information. I first of all, having seen the Torbay hangar job last Tuesday, I just had the impression that there was a lot of money involved. I am not electrician at all, but when someone

MR. SIMMONS: tells me there is \$300,000
spent on one building, you know, you have to ask
questions. So I asked a few. I first called a

Mr. Simmons:

A good friend of mine in Corner Brook who is not an electrical person at all, who is in general construction and said, "Look I am trying to get a handle on some expenditures, how do I go about it?" And I told him the nature of it, without telling him where it was, and he said, "Why do you not get a hold of some fellows who were involved in electrical design work?" So he gave me the names of two in Corner Brook.

I called an architect here in St. John's, and he gave me the name of another one. I then called one of them, one of the three, and said, What kind of information would you give, what do you normally need to do a rough estimate, a preliminary estimate, not the one you would be held to, but a preliminary estimate? What kind of image would you need? "Well, he said, "Obviously we need the -

MR. NEARY: The square footage.

MR. SIMMONS: - the square footage, the exact size of the room, the ceiling heights, what kind of installation is in the building, if you are talking about electric heat. What kinds of fixtures are you talking about? Are they Cadillac fixtures or Volkswagen, you know, what quality, what kind of conduit? Because I understand there is the thin wall and the other-whatever they call it-the heavier conduit. You know, give us some indications what size service is in the building? What amperage service? The whole bit.

I then called an electrician from Newfoundland Hydro and asked him would he go to the building and get some information for me. I called a person who works for Government Air Services and asked him to measure the building for me. So I got detailed information. I then called the three electrical consultants and said, Look on the basis of this, what would be your rough estimates? And the rough estimates I got, Mr. Chairman,

MR. SIMMONS:

valid or invalid are \$75,200; \$93,200; and \$125,000 to do a job that cost me and you the taxpayers of this Province \$305,000.

Now, Mr. Chairman, I will go so far as to say, as the member for Mount Pearl (Mr. N. Windsor) has said, that perhaps indeed, perhaps indeed, Mr. Chairman, the estimates are not worth the paper they are written on. But, Mr. Chairman, at the very least, at the very least, they draw attention to a problem which we ought to be looking at a lot more closely. And we have asked and we have begged in this Committee, and in this House for three four months for the government to take heed of some of the things that the Auditor General is saying. So far four months later only one minister has even bothered to respond to what the Auditor General has said. And now we find, now we find, Mr. Chairman, that in the case of one department the Auditor General's identification of some weaknesses, those weaknesses are serious enough that we have the RCMP investigating them.

So all I wanted to do, Mr. Chairman, was draw attention to the issue, and I have drawn attention to it. And I shall continue to use that tactic, and I will draw attention, if I have to, to every building in this town where this skulduggerous thing is going on, where work is being done well over the \$15,000 mark without any public tenders, where contractors are building inflated quantities, And I will repeat what I said just now, Mr. Chairman, that if you had to put all of the lights in that building that shows up on that fellow's bills you would have to extend the building. And if you had to put all of the man-hours in that building and it shows up on these bills you would have to extend the building just to accommodate the men working in there, for goodness sake. Now that is what is going on, Mr. Chairman. And I am asked to ignore all of that. I am asked to observe the niceties. I am asked to call tenders, and wait for three weeks. I am not in the tender business, Mr. Chairman, and obviously the government is not either.

Now the fact is, Mr. Chairman, the fact is clearly that the Torbay hangar job constitutes a scandal. Whether anybody

Mr. Simmons:

on the inside is involved in it is another question, but it involves a scandal. The job I referred to just now is a scandal. The other job where the contractor has been put down there without any request for that department of the public service at all, no request to have work done, the contractor has been down there, he has spent anywhere from \$50 to \$100,000 down there, that is a scandal.

The work that my friend from LaPoile (Mr. Neary) has referred to in the Recreation Centre, that is a scandal. That is a scandal. And I will go so far as to say, Mr. Chairman, I will go so far as to say that when this is all over, Mr. Chairman, and when these investigations are complete, and all I am asking, what I am really asking, Mr. Chairman, we in the Public Accounts Committee have a certain responsibility, and we can pursue it, but what I am really saying is this, what I am really saying to the minister is this, Take it out of the hands of the Public Accounts Committee - that is what I am really saying to him, because it is a job of staggering proportion - and put it in the hands of a full-scale public enquiry. That is where it belongs.

Now as a partisan politician I could have a lot of "fun" with this over the next three or four months in Committee. But where I would rather see it, Mr. Chairman, is out of the hands of the Public Accounts Committee altogether and in the hands of

MR. SIMMONS: an impartial public inquiry. That is what I am saying, Mr. Chairman. That is where it belongs, because it is an assignment of staggering proportions. You need the research capability, you need the judicial set-up to be able to elicit the information that is required here, testimony under oath and the whole bit. That is what you really need. Yes, there are roadblocks. We are finding this already, Mr. Chairman. If you want to see what I am talking about somebody read the transcript of May 13, and as I said, it was just like pulling teeth just trying to get information from the Auditor General's office. Now I do not criticize him, but somebody kept assigning reasons to why I wanted the information. You would not have that barricade, obviously, if you were in a judicial inquiry. If the information were asked for it would be supplied without persons trying to interpret it while it is being supplied. I have asked for information in the March 25 meeting which I do not have yet, which I was promised in two weeks by the Department of Public Works, which I do not have.

And so it goes, the mechanism, the Public Accounts Committee is working, but it is a rough one. It is a fairly imperfect, a primitive one. And what we need for this particular situation here, the spending practices of the department, what we need here, Mr. Chairman, is a full scale inquiry. And I am going to keep talking on this one, Mr. Chairman, in the House until we get a full scale inquiry because I am very concerned Mr. Chairman, that this has the makings of a scandal that may very well go to the very root of this government. It may well. If it does then I will be the first to apologize. But the indications I have, Mr. Chairman, is that there is a lot more to this than meets the eye.

Mr. Chairman, finally, in conclusion, just before - I realize my time is up and I just have one other sentence. The Minister of Public Works had been asked a couple of times to supply certain information to the House about A,B,C companies, and on March 7, the transcript will show, I asked him in the House, reminded him that he had undertaken three or four weeks ago to get the information and asked when he could have

MR. SIMMONS: the information for the House. And he indicated that it would be in the very near future. And then I rose in a supplementary and in part, I said, "I would say to the minister that it is very much in his interest to say to the House whatever he knows about the affair." I was telling the minister on the 7th day of March that there was a lot more to this than meets the eye, a lot more to this than meets the eye. Nobody was listening. But, Mr. Chairman, right now the RCMP are listening. The RCMP are asking questions. The only regret I have is that their questions are restricted to one company. Because it goes much, much deeper than that particular company, Mr. Chairman, much deeper. It gets into a number of companies. It get into a number of people. Finally, Mr. Chairman, on March 22, when we discussed the T.V. issue I spoke in that debate and I said on page 3227 of the transcript, I said, in concluding, Mr. Speaker, "I believe there are deeper and broader indications than are immediately apparent from the statements from the Leader of the Opposition. I have reason to believe that." Mr. Chairman, I have had that reason to believe that for a long time, and the sooner the minister starts listening to what I am saying and the sooner he sets up the inquiry the better for all concerned including, in particular, his department and his colleagues in government.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: I am not trying to filibuster on this particular matter, Sir, but I firmly believe, I sincerely believe that this House should not close, that the government should not try to rush to close the House with this appearance of a great scandal with all the other scandals hanging over their head. I do not wish to belabour the point, Mr. Chairman. But we have had Royal Commissions of inquiries and police investigations into much lesser things in this Province. And if anybody knows that it is none other than yours truly. And my hon. friend, the Minister of Consumer Affairs and Environment keeps sticking the little darts in, and the little pricks in here and there. I am referring to the Mifflin inquiry that involved welfare recipients. And I was the one who asked for the inquiry and was completely cleared of any wrongdoing in connection with that apart from trying to run my department, interfering with the bureaucrats, the Deputy Minister and the Assistant Deputy Minister and the fellows who write the memos. That was the only criticism

MR. NEARY: could be found and so we had an enquiry into that. And we have an enquiry now going on into the colour television sets, and that started out to be a great joke, a great joke, and it was the subject of a joke for a couple of weeks and members of the administration were taking consolation in the fact that the people of this Province were looking upon it as rather a petty matter, a trivial matter and it was just a big joke, it was just the Leader of the Opposition being a little bit vicious and trying to get revenge and out to get the Premier who is the only man to stand in his way of becoming Premier of this Province. Well, now it is no longer a joke because it so happens that the same company that has ripped off the taxpayers, ripped off the public Treasury, happens to be the same company that paid for the repairs on the colour television and delivered the colour television to the hon. Premier's house.

Now, Mr. Chairman, how can the hon. gentleman, the Minister of Consumer Affairs and Environment, who is so sanctimonious, how can the hon. gentleman sit there with the administration and tolerate this great scandal, these scandals that are rocking the administration? First the Scrivener affair, the Fisheries Department scandal, the dollar on the licence plates that my hon. friend knows smacks of scandal and corruption and political patronage, and now the Public Works scandal. And how can my hon. friend from Kilbride (Mr. Wells), who is such an hon. gentleman, sit with that administration and not demand a police investigation or a judicial enquiry into all these scandals, especially now the latest one involving the Department of Public Works? How can the hon. gentleman sit there and ever again stand in this House and tell us in such a sanctimonious way of how he is against extravagance and waste and wrong-

MR. NEARY: doing if the hon. gentleman does not come out and demand a royal commission of enquiry into the letting of contracts in the Department of Public Works?

And the member for Placentia (Mr. Patterson), and my hon. friend the Minister of Fisheries, how can these hon. gentlemen sit there and watch these scandals one after the other being uncovered and not do anything about it when in other provinces immediately it is brought to the attention of the administration, in other provinces and in Ottawa, an investigation is immediately launched, and not an internal investigation, Sir, designed to do a whitewash job and to sweep it under the rug.

Mr. Chairman, I contend that the investigation should be a full-fledged investigation involving not only civil servants but the elected representatives of the people of this Province so that they can clear their skirts, so that they can prove to the people of this Province they are providing honest and decent government and that there is no rip-offs and no collusion and no patronage and no - what do you call that pressure heap one? - no pressure, and no influence peddling, no coercion on the part of anybody in government. It should not be restricted to the public servants. The public servants may be just the pawns. How do we know? That is why there should be a full-fledged investigation and let the chips fall where they may. And if there are ministers involved or members on either side of the House who have been influence peddling, which is a crime, which is against the Criminal Code of Canada, then sobeit, let it be brought out into the open. I contend, Sir, before this House closes the Premier of this Province has no choice but to take the initiative and launch a full-fledged police investigation into the goings on in the

MR. NEARY:

Department of Public Works.

It is most irregular for the Auditor General to have to ask to have the R.C.M.P. brought in to do an investigation. It is the Premier or the minister who should have done it.

But obviously it was not going to be done and the responsibility fell on the shoulders of the Auditor General, who is to be highly commended for taking the initiative. It is the government who should have taken the initiative the same way as my hon. friend had to take the initiative one time in connection with the Valdmanis case, that is poked down his throat so often, when my hon. friend had to call in the R.C.M.P. and have the late Dr. Valdmanis arrested for wrongdoing. So should this administration, so should the Premier of this Province take the initiative and launch a full-fledged investigation and let the chips fall where they may.

MR. NEARY:

If there is any cuddling up by Ministers to A.B. Walsh or members on either side, or if there are any other companies doing business with the Department of Public Works, then they should be exposed. If there is any influence peddling, any patronage, corruption, under-the-table deals, or coercion, bring it all out into the open, and this House should not close until it is done. I am sure my hon. friend, the Minister of Consumer Affairs, will buy that, will go along with that. The Minister is saying, Yes. Well, I hope the Minister will bring pressure to bear on the Premier of this Province, and the Cabinet, his colleagues, to have this done, and that the member for Exploits (Dr. Twomey), who is new in this House, will not sit with an Administration that has all the appearances of being riddled with scandal. I am sure the member does not want that sin on his soul, does not want that on his conscience, and the member for Kilbride (Mr. Wells), as I said, and all the other hon. gentlemen, the Minister of Finance. This House should not close, Sir, until this matter is straightened out. It will not close if I have anything to do with it, and I am prepared to stay here all summer, if necessary, to bring this matter to a head, Sir, because here we are, being asked by the Administration to pay more taxes, we are being asked in this House to approve increase in taxes that will create a hardship for the ordinary people of this Province. The Minister of Finance is the gentleman that has to do it on behalf of the Administration, and the particular bill before the house now - and there will be others - is the one in connection with insurance, asking us to put a three per cent tax on the ordinary people of this Province on their insurance premiums.

Mr. Chairman, just to get off the scandals for a moment, get back to the Auditor-General's report again and to stay within the realm of insurance, let me refer members of the hon. House to Page 17 of the Auditor-General's report, again dealing with insurance. When I raised the matter the other day, I said to the

MR. NEARY: Minister, "Why not take it out of the hide of the insurance brokers or the insurance companies?" The Minister did not answer the question. He answered me in connection with corporations and said we had the highest corporation taxes in Canada and there was not room for any more taxes. But, let us see, Sir, if we are doing our duty as elected members of this House as far as collecting the taxes that we are now entitled to collect from insurance companies. I want to draw the Minister's attention to Page 17 of the Auditor General's report for the year ended 31 March 1976, Item 31 -

MR. J. WINSOR: Which volume?

MR. NEARY: In the red book - Article No. 31 - let me read it for the benefit of the hon. gentlemen. Here we are now going out to sock it to the ordinary people again. Let us see if we are collecting all the taxes we are entitled to collect from the insurance companies under the Insurance Premium Tax Act in this Province.

AN HON. MEMBER: (inaudible)

MR. NEARY: "The Insurance Premium Tax Act, Chapter 179 RSN 1970, provides for the imposition of a tax upon persons liable to the payment of certain insurance premiums. During 1975 and 1976 insurance premiums totalling \$4,552,000¹¹ - I beg your pardon -

MR. DOODY: It is on Page 30. There are two different books.

MR. NEARY: Oh, I am sorry, Sir. "This revenue is comprised mainly of amounts received from insurers' agents who are registered under the act to collect and remit the tax received from resident insurance policy purchasers. It also included amounts determined to be payable as a result of audits conducted by the Department of Finance of mainland companies with operations in this Province.

"In Paragraph 28 of my 1974-75 report, I reported at length, the results of the Department's failure to establish an adequate system of procedures to deal with the collection

MR. NEARY: of tax applicable to insurance purchased by companies and individuals from sources outside the Province." Three years in a row, now, the Auditor-General has reported this, and the Minister has done nothing about it other than to bring in now a tax to create a further hardship on the ordinary people. "My 1975-76 review of this matter has again disclosed that it remains essentially unchanged. In my view, therefore", so says the Auditor-General, a servant of this House, one of the two independent, impartial employees of the people of this Province, a servant of this House, "In my view, therefore, the Department of Finance should, without further delay, take the required action to develop, document and implement the necessary systems and procedures in order that the full intent of the insurance premiums tax legislation can be attained by insuring that, one, tax owing from individuals who pay tax premiums to companies outside the Province is determined, assessed and collected, tax owing

MR. NEARY: from all mainland companies with operations in the province is paid routinely when due as required under the legislation and regular audits of the accounts of the agents and casual remitters of the tax" and so forth. "Failure to collect all insurance companies tax." "The insurance companies tax Act, Chapter 177, R.S.N. 1970, provides for the imposition of a tax of two per cent of gross taxable premium income of insurance companies undertaking business in Newfoundland. Amounts totalling \$1,367,162 were received and accounted for by the Department of Finance in 1975-1976 in subhead 491 -05.

"The revenue was collected mainly from insurance companies which were licensed to operate within the province. In my 1974-75 report, paragraph 29, I disclosed that audit had revealed significant deficiencies." Mr. Chairman, just listen to this. The Auditor General on two occasions now has revealed significant deficiencies and inadequacies in the administration of the Act by the Department of Finance.

"As a result of these the department was not insuring that unlicensed companies known to the department to be undertaking insurance contracts in the province were remitting the tax and being assessed by the Department of Finance. Some of the companies have neither remitted tax nor been assessed since 1971." And the minister wants \$2.8 million! Here we have these gigantic companies the wealthiest companies in the whole of Canada.

MR. DOODY: Please read the rest now.

MR. NEARY: Yes, Sir. "Since that report the department has issued the necessary tax assessments to sixty-two companies who were considered taxable for the year 1971- 1974 and out of the sixty-two companies assessed, twenty-six remitted a total of \$6,483, eighteen have denied liability for various reasons. The remaining eighteen have made no reply." No reply. The minister comes in with a Bill asking us to sock it to the

MR. NEARY: ordinary people to take this \$2.8 million out of the hides of the ordinary people when eighteen companies, multi-national companies had refused, had ignored the minister, have not replied to the government's or complied with the government's request.

MR. DOODY: The Auditor General says that there is an amount of \$15,000 probably not collected among these eighteen companies, all of whom are outside of the province. One of them is in Australia. They refused to send us any money. We should take them to court? How much would that cost the people of Newfoundland? The Auditor General is absolutely right in what the Act reads. But to try to do what he says is impractical in terms both of returns to the people of the province and in cost to the people of the province in trying to collect it. If he wants to interpret the Act the way he does he is absolutely correct. But to ask in the name of commonsense and business judgement to go to Australia, to go to New Zealand, to go to various mainland companies who have one or two individual policy holders here in this province and take them to court in their jurisdiction is just impossible, impractical and nonsensical. But it does make good reading.

MR. NEARY: Oh, Mr. Chairman, the hon. gentleman just made a major policy speech. Well, the hon. gentleman, I just sat back and listened to the hon. gentleman, allowed him to carry on there and interrupt me and make his little interjection. I hope the hon. gentleman will get up on his feet when we are finished speaking on this side and provide us with the information. Never mind, because I get him riled up, I get the hon. gentleman riled up and he loses his cool. The hon. Premier the other day blew his cool in this House and almost made a mess of it. Now the hon. gentleman under a bit of pressure is starting

MR. NEARY: to flip, starting to lose his cool. We do not know how much is involved, Sir, literally thousands and thousands of dollars.

MR. DOODY: \$14,000.

MR. NEARY: There is more than \$14,000.

MR. DOODY: On page 33, of the Auditor General's Report which reads:

MR. NEARY: What about it? What does it say?

MR. DOODY: It says: The date of audit Oct, 1976 the Department of Finance had not undertaken adequate additional follow-up of the

Mr. Doody:

thirty-six companies to either collect the assessments totalling \$14,930 or to reply to individual companies!

MR. NEARY: The Auditor General goes on to say, "I have been reporting these matters to the House of Assembly for a number of years and nothing has been done about them. He seems to have taken a little encouragement now in the fact -

MR. DOODY: And hire a couple of lawyers -

MR. NEARY: - that he is getting a

MR. DOODY: - and send them to Australia.

MR. NEARY: - that he is getting a little response from the officials of the department. But the failures to collect this money, so we are told by the Auditor General, has cost the Public Treasury a substantial amount of money.

MR. DOODY: Fourteen thousand nine hundred and thirty dollars.

MR. NEARY: That is only just one figure, Sir, mentioned in the top. The Auditor General carries on down through the whole page. And I would advise the hon. gentleman to read -

MR. DOODY: I read -

MR. NEARY: - the rest of the Auditor General's report. But that is only one item. The failure to collect the insurance company tax is one item. We have other illustrations the minister is going to bring in shortly. We think -

AN HON. MEMBER: Tobacco tax.

MR. NEARY: - a bill to increase the tobacco tax. And we will see what the Auditor General says about that and the hundreds of thousands of dollars that are outstanding in that case that will never be collected.

MR. DOODY: Not outstanding, not -

MR. NEARY: Mr. Chairman, this hon. crowd, Sir, are taking the line of least resistance. As I said the other day, they are socking it to the ordinary people and letting the big corporations and the big companies get away scot free, borne out by the Auditor General's Report.

MR. NEARY:

And I could go on, Sir, through this whole matter. Then there is talking about saving money without having to bring in a tax. All we have to do is read the Auditor General's Report about the unsound purchasing procedures in the vocational school and in the other institutions, the other agencies of government. And then we heard about the \$5,000 or \$6,000 that was spent by the Minister of Justice's executive assistant down politicking down in Grand Bank. And now we hear about the Minister of Transportation and Communications, who is setting up a lounge down in Salvage in the former L.O.A. Hall. His executive assistant, instead of doing taxpayer's work, instead of doing work for the minister and for the government, is out buying furniture for the minister's lounge down in Salvage. And the minister wants to know how he can save money, where he can get his \$2.8 million! Is that in the interest of the people of this Province? Is that what executive assistants are hired for, to be going around buying furniture for lounges that are being opened up by ministers? How much more?

Mr. Speaker, look, all this just seems to glance off the administration. It does not seem to sink in at all. The hon. gentlemen think they can do what they like with the taxpayers' money and that the taxpayers will not care. They can not do what they like, Sir. It is about time it started to sink in. And hon. gentlemen cannot sit over there with smirks on their faces and joke about this, that it is a very serious matter. It has all the appearances of corruption, collusion, influence peddling, under-the-table deals, shady deals, fraud. And it should not be restricted to just an internal investigation by the minister's own officials. It should involve the elected representatives of the people of this Province to find out if we are getting good government.

Then we hear in the Auditor General's Report - what else is in here, let me see, there is so much in here you can hardly keep track of it all. It is hard to keep it all in your head - about the moose licenses that

MR. HEARY:

are given out every year, the complimentary licenses. The records of the Department of Tourism show that during 1975 complimentary licenses were again issued contrary to the wildlife regulations. And I suppose somebody will get up now and say the Auditor General does not know what he is talking about. The Auditor General says it is contrary to the regulations, the wildlife regulations. The Minister of Tourism now or the Minister of Finance will in a minute say, "Oh yes, the Auditor General has to do his job and he is only quoting what the law - are the ministers above the law? Do they not have to follow the law of this Province? Who makes the laws? This House makes the laws. The ministers think they can break them. The Auditor General tells us that the wildlife regulations

MR. NEARY: are violated year after year after year. For example, he says a total of 136 moose licenses were issued in 1975 to residents of the Province as complimentary licenses, of these 127 were issued as a result of a draw and were reported issued as an incentive to some hunters who had filed returns for 1974. The remaining nine licenses were issued to certain individuals who were classed as distinguished residents, distinguished residents of the Province. "I have not determined how the term," the Auditor General is saying this, "I have not determined how the term 'distinguished residents' came to be substituted for 'distinguished visitors!'" Obviously, Sir, in the wildlife regulations there was provision for distinguished visitors. I do not know if you would consider the Premier of this Province to be a distinguished visitor or not. Probably you could. The hon. gentleman drops in on us so rarely that maybe you could stretch your imagination, you could stretch the interpretation of this Wildlife Act and you could say, No, the Premier is not a distinguished resident but a distinguished visitor as provided by the regulations.

If those licenses had been sold as required by law so the Auditor General tells us then the Province would have gotten \$2,040. Now it may not sound like very much, Mr. Chairman, when you are talking about \$2.8 million but if you take all these \$2,040 and the \$300,000 and the \$600,000 and the \$6 million or \$7 million or \$8 million that was ripped off on the Health Science Complex and \$4 million or \$5 million or \$6 millions more on the Carbonear Hospital it soon totals up to about \$20 million. The fishery gear scandal, another \$3 million or \$4 million. That is nine, twelve, fourteen, sixteen, I would say, Mr. Chairman, if you took all the examples of extravagance and waste that we have pointed out to the government over the last few weeks, the scandals that are rocking this government and then total it all up and it will come to about \$20 million and this hon. crowd think they can ignore that and not have an investigation into it! That it will just go away, the

MR. NEARY: people will forget about it and you make a joke out of it! And somebody will go down to NAPE and say well the reason the Premier did not turn up down to NAPE was because he was home watching television. Well, you know, it may be funny and it may make people laugh but when you are talking about \$15 million or \$20 million, Sir, of taxpayers' money that has gone down the drain in the last four or five years, that is a pretty serious matter especially when the Minister of Finance has the nerve to come into the House and ask to have another tax put on the ordinary people of this Province.

No, Sir, this House should not close until these matters are straightened out until this dark cloud that is hanging over the administration - Does the Minister of Health and the Minister of Rehabilitation and Recreation want this hanging over his head forever and ever or does the minister want to clear it up? Does he? Is the minister going to sit there like a dummy, mute, and say nothing about this and just let it be subject of an internal investigation? Is that going to satisfy the member for Gander? Will it satisfy the member's constituents, which is more important, the taxpayers? What about the member for Exploits? Is the member for Exploits going to sit there and just interpret this, be told by his bosses, Oh do not mind that, that is only the Opposition shooting off their mouths, making politics out of it? And the minister will accept that and say, Oh yes, this is partisan political debate, which it is not. The facts have been laid on the table. They will caucus in another few days and the members will be told, "Oh, do not worry, we will come out of this all right. Do not worry about 'Neary' and 'Simmons' and 'Roberts' and that crowd shooting off their faces. They have to do that. They are the Opposition. It is all politics so do not worry about it. It will all straighten itself out. It will only be a nine day wonder. It will all come out in the wash," when in actual fact, Sir, that is not so.

The facts have been put on the table. The people

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MR. NEARY: of this Province are looking at the government with suspicion and in the interest of the Progressive Conservative Party of this Province, the administration, the government and the Premier himself and the Minister of

MR. NEARY: Public Works, both present and past, and the Minister of Fisheries past, not present, and the Minister of Consumer Affairs and Environment responsible for the dollar in the license that is being paid out in political patronage to Affiliated Marine Metals, all these ministers have to clear their good name—if they can, and I hope they can. But let us not try to put the blame, shift the blame for all this over on the civil servants. I hope my hon. friend, the Chairman of the Public Accounts Committee, will make sure the ministers are in the hot seat and not the public servants. The public servants are only the employees, the tools of the minister. The Minister of Public Works and Services had to approve that voucher that cost the taxpayers of this Province literally millions of dollars and the minister had to give instructions to his employees, to the staff to use that voucher to bypass the public tendering procedure, the Public Tendering Act of this Province.

It is a scandal, Sir, of the worst nature. You would not get away with it in any other free country in the world and the hon. administration thinks it is going to get away with it in this Province by just ignoring it or by just having a little internal investigation. I say it should be a bigger, much broader investigation than that. It should involve not only the civil servants, the employees, it should involve everybody. It should go a step above that and this House should not close, Sir, until it is done. I do not know where the hon. Premier is today. Maybe he is away, maybe the hon. gentleman is away on government business. But I hope when the hon. gentleman comes back into this House, the very first thing the hon. gentleman will do is to make a ministerial statement that there is going to be a full-fledged police investigation into all contracts given out by the Department of Public Works in the last three years since the voucher system started and that there is going to be a police investigation into the Scrivener racket. The minister promised us a statement two months ago on the Health Science Complex and the Carbonear Hospital and it has not surfaced

MR. NEARY: yet.

MR. ROUSSEAU: (Inaudible).

MR. NEARY: Well, Sir, the Carbonear Hospital - They are not going to brush off the Scrivener and the Carbonear Hospital. I ask the minister for a statement on the Health Science and the Carbonear Hospital.

MR. ROUSSEAU: (Inaudible).

MR. NEARY: The Carbonear Hospital cost three times more than it should have cost. And you know, Mr. Chairman, what I discovered the other day, and I brought it to the attention of the hon. minister who was good enough to get me the information, that Scrivener still have an employee in the Carbonear Hospital.

MR. ROUSSEAU: Not any more.

MR. NEARY: Not any more. Not since I brought it to the minister's attention but right up to two weeks ago Scrivener were being paid so much a day for some unknown, unspecified worker they had over in the Carbonear Hospital. I am glad to hear the minister has disposed of that in short order. Then we hear about one of the contractors down here that had an unusual management contract now in looking for fringe benefits, looking for an increase in the contract even though the contract only called for \$300,000 payment in the beginning. I understand now that company is being paid almost \$2 million, over \$1.5 million.

MR. ROUSSEAU: Not on the management contract.

MR. NEARY: Not on the management, that they have gotten it in other ways, in other benefits and the minister there just shrugs his shoulders and thinks that that is all right.

MR. ROUSSEAU: That is not true.

MR. NEARY: Without public tender, Mr. Chairman.

MR. ROUSSEAU: (Inaudible).

MR. NEARY: Yes, Sir, without public tender

MR. ROUSSEAU: The hon. member brought that up and the answers were given.

MR. NEARY: Mr. Chairman, the hon. gentleman may be interested to know that the answers have not been given yet. That the gentleman who undertook to get me the answers said he had to read files and documentations that thick and it would take him a couple of weeks to wade through the files home during his off hours and when he got the answer that he would give it to me and I do not have the answer as yet.

MR. ROUSSEAU: - details but the general answer was -

MR. NEARY: The general was that they have been paid a substantial amount more than what their management fee called for. Not in management fee. They did not increase the management fee although they are looking for an increase in that too as the minister knows.

MR. ROUSSEAU: They did not get it and they are not going to get it.

MR. NEARY: They did not get it and they should not get it and they should not have gotten the other things they got without public tenders being called. When they got settled in to the Health Science Complex they dug in, they felt they were there for the rest of their lives and make no wonder the Health Science Complex is not finished and it will not be finished until next fall. It has taken almost eight years.

MR. NEARY: It has to be the latest Newfie joke! Almost eight years to put up a building.

Mr. Chairman, I have said so often, you could build the CN tower up in Toronto, which is the tallest single structure in the world -

MR. DOODY: A single waste of money in the world.

MR. NEARY: - was built in less than two years. The Eiffel Tower was built in a few months. The Brooklyn Bridge and the San Francisco Bridge built in less than a year. The Empire State building put up in less than a year and it takes us eight years to build the Health Science complex. If you took them all and put them together, take the Eiffel Tower, The CN Tower, the Brooklyn Bridge, the San Francisco Bridge, the Empire State Building, put them all together and it takes this government longer to build a Health Science Centre than all these put together - it has to be the latest Newfie joke, Sir! - and in the process rocked, shaken to its very foundation with scandal that is ignored. Is there any wonder, Mr. Chairman, that we are voting against these tax bills that are designed to flog the ordinary people? Have they not been taken to the cleaners enough? Is it not time the administration got down to brass tacks and tried to show the ordinary people of this Province that in future they intend to spend their money wisely, that they are not prepared to let all this appearance of corruption and fraud, not prepared to let it go by just saying, "Oh, we are sorry we were bad boys. Bless me, House, for I have sinned. We were bad boys, we ask forgiveness. We are going to forget the past and start life anew." Let \$20 million of the taxpayers money be swindled, down the drain! "We are going to start out from scratch now." After five years of corruption, after five years - not the administration itself, but the whole thing, I am talking about the whole thing in general, having the appearance of being corrupt

MR. NEARY: and scandalous. We are going to forget all that. We are sorry that that happened. We are going to let all these people waltz away. We are going to let them have their Buick Electras.

Mr. Chairman, I tell you the thing that really gets me right in the pit of my stomach is the fact that before I brought up this matter of the car, the Buick Electra, do you know, Mr. Chairman, and Your Honour, I know, is impartial now where Your Honour is sitting, but does Your Honour know that the gentleman who was heading up that party, the bag man for that party, who his buddies and his friends thought that he was such a devoted Tory, such a loyal Tory that he bought a car that was Tory blue. Tory blue car, she had to be Tory blue and everybody was looking at him and adoring him and saying, "Oh what a wonderful Tory he is. What a great Tory he is. He bought a car that is Tory blue." But what they did not know is he did not pay for it out of his own pocket. He paid for it out of a voucher, out of a bank draft that was given to him by Mr. Andrew Davidson. It was supposed to be used for some other purpose.

MR. SIMMONS: 'Steve,' down in Printing they are not allowed to use red ink.

MR. NEARY: They are not allowed to use red ink because it might be identified with the Liberals. But this gentleman, the bag man for the Tory Party and you know, Mr. Chairman, when this came out I had Tories call me up and say they were ready to go right for the jugular of the administration and the Tory Party in this Province, because they thought the hon. gentleman had bought the car himself, and he was such a devoted Tory, so dedicated to the cause of Toryism that he wanted it Tory blue, no other colour only Tory blue, and when they found out he did not pay for it, well I am telling you there was a lot of

MR. NEARY: enraged Tories in this Province, and especially in this city where you have the die-hard, dyed in the wool Tories.

And yet, Sir, yet the administration sits back, day in and day out, just rolls off and members over there say, "Oh, we will get up now and we will turn the debate around and we will push it back at them and we will accuse them when they were in government. We will talk about Vardy and we will talk about Doyle and we will talk about this and that and the other thing." And they think that is going to salve their conscience. They think that is going to make everything all right. They will say, "Oh, we can fix them now and I remember I was talking to the member for St. John's East (Mr. Marshall) the other day and he said, 'You know,' he said, 'this crowd here just lie down and take it like a bunch of old dogs. If I was leading

MR. NEARY: this administration'he said,
'I would push it down your throats over there.'" Well, I
guarantee you there is nothing that can be pushed down
my throat, I can stand here with a clear conscience
any time, any day in the week. And so the hon. gentlemen
can get up all they like and they can fire back and say,
Well, what about the fugitives from justice and all
this sort of thing. The real fugitives are not the ones
that are fugitives from justice in this Province, they
are still here. And they think that is all right, that
is a good argument, a good debate. Everybody gets a
great chuckle out of it. The hon. gentlemen, who appear
sometimes to be like seals, will all pound their desks
and say, Hurray! The Premier has made a point, the
Minister of Finance has made a point, and the poor old
taxpayer is the one that is getting shafted in the bargain.

MR. SIMMONS: By two more points to the
income tax.

MR. NEARY: That is right, by adding on
three per cent on the insurance premium tax. I hope that
the minister, after all I have said, and the hon.
gentleman from Burgeo - Bay d'Espoir, and I am sure other
gentlemen will follow suit, there should be not one man
with a clear conscience in this House, there should not
be one man who wants to see decency and honesty and
justice in this Province be prepared to stand in his
place right here and now in this hon. House and not see
these scandals swept under the rug or a whitewash job
done. Do what they do in Ottawa, do what they do in other
provinces, man-fashion.

MR. DOODY: Yes, phone the judges.

MR. NEARY: No, do not phone the judge, Do
what they do in other provinces and that is have a full-
fledged investigation and let the chips fall where they
may.

MR. FLIGHT: Hear, hear!

MR. NEARY: And do not close this House until it is done.

I hope the gentleman who the other day wrote the editorial in the evening paper criticizing us in this House for the way we criticized, he said, New Labour Bill. The editorial was written as if there was only one bill. Apparently the hon. gentleman who wrote the editorial did not know there were two bills before the House.

MR. LUSH: He was talking about the labour standards.

MR. NEARY: The hon. gentleman just talks about the Labour Standards Code and does not understand why the Opposition - we praised the Labour Standards Code, we voted for it. The bill we complained about was a different bill altogether and I hope, Sir, the newspapers and the radio and the television will be more informed than the hon. gentleman who wrote this editorial in the evening paper, calling it a new labour bill when in actual fact there are two bills before this House, and it was the second bill that we took exception to, not all the bill but certain sections of the bill. I hope, Sir, that pressure will be brought to bear, that this matter will be brought above partisan politics, it is too serious a matter, and pressure will be brought to bear to try to get it straightened out before this House closes and not have this dark cloud hanging over the administration all Summer and until the House opens again.

Because it is going to come up again, Sir, and everytime they bring in a bill to increase taxes to cause more suffering and hardship for the ordinary people of this Province, we are going to bring it up. And if I have to stay here until August I am prepared to stay and maybe certain other gentlemen who

MR. NEARY: are getting tired and want to get the House closed down, who think we are only just trying to score political points - I have no axe to grind, I am not trying to score political points, I am trying to see that the poor old taxpayer's money is protected and spent wisely.

There is no good in getting up and using the argument that we are going to now start off from scratch and allow about \$15 million or \$20 million of the taxpayer's money to be swindled and stolen and that is what has happened to it, Mr. Chairman. It has been stolen. The people who did it are no better than thieves, that the fellow who goes down and breaks into a garage or a service station. Nobody is above the law. There should not be two laws in this Province, one for the rich and one for the poor, so let us get down to brass tacks and do something about this.

MR. CHAIRMAN: Shall the resolution carry?

MR. SIMMONS: Just a minute, Sir. Hold on.

AN HON. MEMBER: Does the hon. member want to speak?

MR. SIMMONS: You are not closing the debate anyway.

AN HON. MEMBER: (Inaudible.)

MR. CHAIRMAN: Do you want to speak?

MR. SIMMONS: The minister might be going to respond to some of the matters that have been raised for the Minister of Public Works.

MR. PECKFORD: On a point of order, Mr. Chairman. I do not know what the hon. member for Burgeo - Bay d'Espoir -

MR. SIMMONS: Mr. Chairman, I am allowed to stand and speak in Committee and if his point of order is -

MR. CHAIRMAN: Let me hear the point of order, please.

MR. SIMMONS: My Lord help us!

MR. PECKFORD: Mr. Chairman, I do not understand under what the hon. the member for Burgeo - Bay d'Espoir is - he is standing up asking for information from one or two of the ministers and obviously they have not, they do not want to give it.

MR. DOODY: I am supposed to be -

MR. SIMMONS: Yes; to the point of order, Mr. Chairman, for

MR. SIMMONS: the benefit of the member for Green Bay. Actually what I was doing in starting the sound is standing in my place and speaking. The first sentence I was saying was by way of a question. I think that is in order, Mr. Chairman. I believe that is allowed. I believe it is allowed for me at the beginning of my remarks to invite the ministers if they would like to make a few remarks now.

MR. CHAIRMAN: Order, please! On that point of order.

MR. SIMMONS: Oh, he is going to write my speeches for me. I hope they are better

MR. CHAIRMAN: Order, please! I did recognize the hon. minister but he more or less did yield to the hon. member for Burin - Bay d'Espoir and I will ask the hon. member for Burin-Bay d'Espoir to -

AN. HON. MEMBER: _

MR. CHAIRMAN: If the hon. gentleman wants to speak I will call the resolution. Hon. member for Burin -Bay d'Espoir.

MR. SIMMONS: Burgeo -Bay d'Espoir is the right designation of the district, Mr. Chairman. Now, Mr. Chairman, I want to hear what the Minister of Finance has to say. I want what the Minister of Public Works has to say, and after that I might want to say something else. I am not going to get trapped into having the resolution sloughed through. I am not going to do it and if I have to stand up here ten times today I will do it ten times. I want to hear what the Minister of Finance has to say. Then I want to hear of the Minister of Public Works if he has anything to say on this subject.

I have laid out a clear case for a public enquiry. My friend from LaPoile has laid out a clear case for a public enquiry. I believe it is important that we settle this particular issue first. If it takes today to settle it, and takes all day tomorrow to settle it and all day Thursday and all day Friday and the following week, well then that is

MR. SIMMONS: fair ball by me. Now, Mr. Chairman on March 22, this House voted unanimously to establish a public enquiry into the matter of whether the Premier of this Province had paid for one television set. The total dollar value I am told is \$1200, \$1300, \$1500. I have asked today that a public enquiry be set up to look into the spending practices of the Department of Public Works, i.e., the issuance of multiple work orders without the calling of public tenders. I can tell you that that practice cost the taxpayers of this province \$6.8 million.

Somebody is asking me to accept that my tax money should be spent to determine whether the Premier paid for a \$1500 television set but that it should not be spent to determine whether \$6.8 million is well spent, although on non-tendered items in the Department of Public Works an amount of \$6.8 million is spent in the one fiscal year, 1975-76. Of that \$6.8 million, about \$2.6 million was paid out to the so-called companies A, B and C. But altogether there were \$6.8 million spent in that fashion, using work orders to do what is called maintenance and repair work and related work. That is in the one year. Now in other years, of course, there were other amounts spent, probably comparable amounts in the year after and the year or so since. But I am just talking in terms of one year alone. If you extrapolate that over the three year we are talking, you are probably talking \$16 to \$20 million spent without public tenders called and using this now nefarious work order system.

Now, you know, I have to stop and ask myself if I am really living through this, that somebody is refusing

AN HON. MEMBER: -

MR. SIMMONS: Well, the minister said as recently as last Thursday in this House, on June 2, in answer to a question from this side of the House that he did not see the need for one. On Thursday he did

MR.SIMMONS: not see the need. .

MR.ROUSSEAU: Things may change.

MR.SIMMONS: Since then he has become aware of the police investigation.

Since then I have given him some additional examples, including the one of the \$600,000 on the building complex. I say to the minister I could give him another seventeen or eighteen examples.

MR.ROUSSEAU: I do not doubt that . Nobody said there would -

MR.SIMMONS: I believe what the examples all illustrate is the need for an enquiry. I was hoping that somebody in the ministry would at least stand and

MR. SIMMONS: say, "Look, we are going to take this matter under advisement."

MR. ROUSSEAU: Oh well, you know, if that is all the hon. member wants -

MR. SIMMONS: No, that is not all; that is part, but go ahead.

MR. ROUSSEAU: Certainly.

MR. SIMMONS: That is part. That is step one.

MR. ROUSSEAU: No. No. The minister has never said there would not be an enquiry. You know, obviously the minister -

MR. SIMMONS: You said there was no need.

MR. ROUSSEAU: That was a while ago. Okay.

MR. SIMMONS: Thursday.

MR. ROUSSEAU: Now obviously -

MR. SIMMONS: Two days ago.

MR. ROUSSEAU: - if I may - No, I said the RCMP was doing one. We were doing an internal one right now in the department. Forget the RCMP one, let us talk about departmentally. Obviously there is not going to be an enquiry unless you are satisfied there is reason for it. The hon. member for Burgeo - Bay d'Espoir has indicated that there are reasons for it. There are obviously other things that have to be looked at and if it comes to light then consideration will be given to it. Nobody said that they would not. All we said, at this point in time we are looking at it internally. Other steps may be taken but nobody is ruling out the possibility of an enquiry nor was it ever said that the possibility of enquiry was ruled out.

MR. SIMMONS: I thank the minister. The minister, I remind him, did say on Thursday that he saw no need. But things have evolved since then and we are making progress, Mr. Chairman. Because now, for the first time -

MR. ROUSSEAU: The reason that the minister said that was because of the RCMP one at that time, that was an RCMP one. The internal one obviously you start at the bottom and work up. Right. You know.

MR. SIMMONS: Okay. Well, we are clear, are we not, that the RCMP one is addressing itself to the dealings of one company. -

MR. ROUSSEAU: Yes. That is not departmental, but departmentally -

MR. SIMMONS: - and it is not investigating the department.

It is not investigating the department in any shape or form.

And what I am asking for is an enquiry into the spending practices of the department.

You see, Mr. Chairman, there are a lot of other interesting questions which need to be asked here and if I have to show more of my hand to make my point I will do so because I believe very strongly that the enquiry should be undertaken very quickly, because I am concerned. The evidence I have - some of it I cannot even bring to the Committee's attention because I have to protect confidences - but some of it I have had for many months. And I am concerned that if there is not an enquiry fairly soon and if we banter this around too long, particularly the Summer intervenes, you are going to have the destruction of evidence. You are going to have wilfull obstruction of justice. There are these possibilities.

But if we need to ask other questions we will ask other questions. For instance, I could ask a question, and it is a very legitimate question, Mr. Chairman, who own A.B. Walsh Limited? Who owns A. B. Walsh Limited? Because this is very germane to this whole matter of the expenditure or the misexpenditure, the misappropriation of public funds.

AN HON. MEMBER: Presumably A. B. Walsh Limited.

MR. SIMMONS: Presumably, ah ha! Presumably. Well, Dun and Bradstreet say, of course, and the Registry downstairs say that A. B. Walsh - he has got so many companies, he has five companies altogether. All five, by the way, have been incorporated since the Spring of 1972, all five of the companies, since the

MR. SIMMONS: Spring of 1972. Correction on that - four of the companies since the Spring of 1972, the other one came into his control since the Spring of 1972. One as recently as about a year and a half ago.

MR. NEARY: Is that Stares Electrical the new one?

MR. SIMMONS: Stares was incorporated in 1975. A.B. Walsh Electrical Limited was incorporated in 1972 - I am sorry, incorporated April 19, 1973. Business had begun early in 1972. The shareholders are Alex Walsh, Desmond Walsh, and Leo Walsh, which is not new information. The Leader of the Opposition mentioned this on March 22. He said he did not know the relationship of these three people. Well, I do know the relationship now. Desmond and Alex are brothers and Leo is the father of these two gentlemen.

That is what the record says, Mr. Chairman. The record says that these three men own that company. I repeat the question I put earlier, Who really owns the company? Who really owns the company?

I will be accused of innuendo on that one I am sure, but so be it. I raise it for another question. I raise it to draw attention to the need for a full-scale enquiry. Who really owns the company?

AN HON. MEMBER: Who does own it?

MR. SIMMONS: No, Mr. Chairman, I will not tell because I suspect some people in this Committee already know who really owns the company.

MR. NEARY: Hear! Hear!

MR. SIMMONS: I will not tell. And that is why I say to the minister, as I said to him on the 7th. of March, that when he gets involved in this issue he should make as

MR. SIMMONS:

clean breast of it as he can because he may unwittingly get sucked into a very unsavoury situation.

MR. ROUSSEAU: Is the hon. member - I might -

MR. SIMMONS: No, I said unwittingly.

MR. ROUSSEAU: You are not inferring that I might be a shareholder in the company.

MR. SIMMONS: No, no, no, no! Of course not! I am saying that the minister, being the gentleman and the man of integrity he is, should be very careful when he is given statements to read because if he will check the facts that were discussed in the Public Accounts Committee last Wednesday, and he was present, he will find they do not jibe, they do not jibe with the statement that he made on March 10. Now he made the statement. I would presume the statement was written by somebody else for him. But if he will check the record, if he will check what transpired on Wednesday -

AN HON. MEMBER: Inaudible.

MR. SIMMONS: I could take the time to go into it. But just let me say generally that the statement that he gave on March 10 was contradicted pretty openly on Wednesday. Parts of it were contradicted on Wednesday.

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

MR. CHAIRMAN: Order, please!

MR. PECKFORD: The hon. member from Burgeo-Bay d'Espoir (Mr. Simmons) a number of times in the previous speech and now in the present speech that he is giving in just his last number of sentences refers to evidence given by the Minister of Public Works at a meeting of the Public Accounts Committee in the last couple of days or last Wednesday. Beauchesne, 159(1), page 134 says, "Reference to a public document in the possession of a Committee which is not taking action on it is not irregular. But reference to the proceedings of a Committee or the evidence heard by the

MR. PECKFORD:

Committee cannot be made in the House before the Committee has presented its report." I would suggest to Mr. Chairman and to hon. gentlemen of the House that the member for Burgeo-Bay d'Espoir (Mr. Simmons) in a few sentences made just recently before I made the point of order did refer to proceedings of a Committee and to evidence that came before that Committee, therefore his comments are out of order.

MR. SIMMONS: Mr. Chairman, the minister is right, obviously, quite right. And I would withdraw any reference to the proceedings of the Committee.

MR. CHAIRMAN: The hon. member has withdrawn any remarks pertaining to the Committee. I presume he will in future not refer back to them.

MR. SIMMONS: Mr. Chairman, I thank the minister for reminding me because it was not my intention to overstep in that respect. I am very conscious of the separate responsibilities warranted to members of the House and others to the Chairman of the Public Accounts Committee. Indeed I found over the past weeks, if anything, there is information that has come to my attention which I have not used because it might get misconstrued that I was using my position as Public Accounts Chairman. But I wanted to say today, Mr. Chairman, and I realize I strayed in the area of referring to the proceedings of the committee, but I could just as well have said and made the point just as well is that the minister made a statement on March 10 which in part has since been contradicted by what is in the public record. And I am not begging the question. I am only talking about what is in Public Accounts either, what is in the public record generally as of the last two or three days, items that did not transpire at all in the Public Accounts Committee, for example. There are items in this statement which are at variance with what is now public knowledge. That is what I am saying to him. And I am not accusing him of misleading the House because I am aware

MR. SIMMONS:

how these things are done, that this was a statement that was written for him and he had to accept it in faith. I said to him on March 7, three days before he made this statement, that he should be aware of what he is saying. And I am saying to him again today that as this issue unfolds it is going to be a very messy one, it seems to me. And the minister, being the man of principle that we all know him to be, should be very, very careful that he does not become the unwitting tool of people who may well be a lot less innocent than he is. That is all I am saying to him, and I say it very sincerely.

MR. SIMMONS:

Mr. Chairman, I am hoping before this day is out that the ministry can see the wisdom of an inquiry. I know we are going to be told these things take time. Well, in the case of the last, the most recent public inquiry set up in this Province, the one which was set up on March 22, Mr. Chairman, the time it took from the time the matter was raised, when the Opposition Leader raised it, I believe, as I remember, sometime after Question Period in the afternoon, which therefore puts it about four o'clock in the afternoon - he raised it about four o'clock - and he talked at some length and there was a procedural row and so on. So at the earliest the ministry had it about four o'clock or four-thirty. By eight o'clock when the Premier stood, or eight-thirty or nine o'clock, whenever, the Premier then announced or then made a motion which gave effect to the public enquiry. So that is pretty fast action, Mr. Chairman. Within about a five-hour period from the initial raising of the problem the House had dealt with it on the basis of a motion from the Premier - within five hours, five hours.

Now, Mr. Chairman, in this case, this issue has been first of all raised in the Auditor General's report last February although it did not appear to all of us to have the significance it does today. But notwithstanding, last week the RCMP were called in to investigate an aspect of it. So in fairness to those who have not been following it too closely or have not been suspecting anything, in fairness to those people, they have been aware of the possibilities for a week or so. That is longer than the five-hour period between the time when we identified a possible problem here in the House and the Premier moved to have it taken care of by a public inquiry. So with that background, Mr. Chairman, I say it is not unreasonable to expect that before the day is out, before today, Monday, is out somebody in the ministry should move the appropriate motion or otherwise indicate that a Royal Commission is going to be appointed, or a commissioner, a public inquiry commissioner is going to be appointed to look into the entire matter of the spending practices of the Department of Public Works. This, Mr. Chairman, is an issue that is going to literally bust wide open. Its tentacles will touch a lot of people. And the sooner,

MR. SIMMONS:

Mr. Chairman, the sooner a public inquiry can be agreed to, the sooner we will effectively put this on ice. And if it takes another few days I have my examples all lined up. I could tell you now, if I wanted to, what example I will parade tomorrow, and which one Wednesday, and which one Thursday, if it takes that, Mr. Chairman. I hope it does not. I hope that today, that this day the House can agree to a public inquiry. And I would say, Mr. Chairman, I may not be believed here in Committee, but I would say sincerely, seriously from the heart, that I do not particularly enjoy parading this information. If that is the only lever I have that is the one I will use, but I will do it sparingly, day by day, until such time as an inquiry is agreed to, or some other mechanism, I am not going to be inflexible on this. If somebody can give me some other impartial mechanism, I am not the authority on what are the appropriate mechanisms. I am told that the public inquiry route has been used frequently and indeed is ongoing right now with respect to the Premier's television set. So it would seem to me, barring the suggestion of some other mechanism, it would seem to me that the public inquiry route is a sensible route to go. But as I say, I have no intention to be inflexible on that point and if somebody else or the government or the House can propose some other mechanism which would just as effectively and just as impartially get at the root of this matter then I would be the first to agree to it. I say, Mr. Chairman, this issue is going to bust wide open. It is going to have a lot of implications, a lot of political implications, a lot of implications for reputation, a lot of implications for careers. Mr. Chairman, since this was first raised in the Auditor General's report

MR. SIMMONS: I would think that, speaking reasonably, ten, eleven, maybe twelve people have come to me - some by telephone, some in person, some by letter - and in one form or another, have said, "Look, we know there is some funny business going on and we are concerned about our own names, our own reputations". I could read from a letter but then I suppose I would be required to table it, which is from a senior public servant who told me in writing that the lighting fixtures in a particular Department of Public Works building in this City were completely replaced at a particular time in the last three years, and the individual who is telling this, by the way, is either the senior - I do not know the hierarchy there - he is either the senior person in that building or the senior person once removed, he is one of the top people in the Departmental function - he is not in Public Works - but in the Departmental function which is going on in that building, he is either the senior person or one removed. So, he is not a fly-by-night. He is a person who has been in Public employ, to my knowledge, for twelve, fifteen, seventeen years. He wrote me a letter and he says that the lighting fixtures were completely replaced in a given building in the last three years. And then, eleven months later - eleven months later - they were replaced again. They were replaced again in the eleven-month period. They came in, they hauled everything out and they put in a new lighting systems, and eleven months later the same contractor was back, replacing the system again. He tells me that the system was replaced twice in an eleven-month period. "Furthermore, he said, "To my knowledge, and I did some checking because I got suspicious, nobody ever requested that the first job be done, let along the second".

MR. MURPHY: Is that right?

MR. SIMMONS: That is right.

MR. NEARY: They probably peddled the old fixtures they took out.

MR. SIMMONS: Now, Mr. Chairman, perhaps the Committee will begin to understand my particular concern in this issue.

AN HON. MEMBER: No wonder it is quiet here.

MR. SIMMONS: Mr. Chairman, these people who are coming forward are not particularly, as we used to say, rats or blabbermouths, or whatever you call them; they are people who are concerned about their own careers, and they are wondering, "Mr. Chairman, if they just sit there and watch this thing go on without reporting it, are they implicated in some way, because they can see what is going on with their very own eyes should not be going on.

Now, the example I have just given you is distinct from the one I made brief reference to earlier, where another gentleman called me yesterday evening to tell me that in his particular building a contractor has been there since January. He checked, at my request he checked and called me back, and to the best of his knowledge, his superior tells him - the top dog in that entire function of Government - the top dog tells him -

AN HON. MEMBER: He almost has to call the police to get them to leave the building. He cannot get them out.

MR. SIMMONS: That person tells me he checked with his superior and he called me back a second time yesterday to say, "Look, this work that is being done was never requested". In the first call, I said, "Can you find out approximately how much has been done since January and how many contractors were involved?" He came back with the answer last evening about nine o'clock: One contractor was involved. He says, "We are not electricians, we do not know, but we are told that the nature of the work is such that it is probably \$60,000 to \$100,000". Now, suppose it is only \$10,000. Suppose it is only \$5,000. It is too much if it was not even required by the people who use that building on an ongoing basis.

The people, Mr. Chairman, in the Public Service are coming forward because they would like to protect themselves.

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MR. SIMMONS: They do not like to see what is going on, and they do not want, Mr. Chairman, to be a part of it, and I cannot blame them.

Now, Mr. Chairman, how many more examples does the Government need? How many more? There are lots more. All

MR. SIMMONS: kinds of them. All kinds of examples, no end to them, Mr. Chairman. Well, there is an end, there is an end I suppose. The end is about \$20 million or \$17 million over a three year period. These figures are rough, \$6.8 million in the 1975-76 year. We have established in the Torbay hangar job that that work extended over a three year period. The job I mentioned this morning totally \$616,000, the work extended over a three year period, the same contractor, so I am assuming rightly or wrongly that a good many of these jobs have been ongoing for three years.

If you will allow that assumption, if \$6.8 million was spent in the one year in that fashion, perhaps something of the order of \$15 million or \$20 million was spent in the three year period.

Now that is scandalous, Mr. Chairman. Scandalous at least in the broad sense of the term we use here in Newfoundland. Scandalous to apply to something that should not go on either for reasons of efficiency or whatever. But I believe it is scandalous in the particular meaning of that term too. I have reason to believe it is scandalous in the particular narrow meaning of the term scandalous.

Mr. Chairman, the Public Works spending practices extends to more than one company. Its tentacles are going to touch quite a few people and I can appreciate the hesitancy which may be involved in setting this enquiry up, but there is no course really, there is no other course open to the government on this one. You just cannot take this on the chin. To clear your own name, Sir, to clear their names as a government, Mr. Chairman, the least they can do in the name of common decency is to get this enquiry started today, at least name it today. Name it soon. It is the only way out, Mr. Chairman.

Now, Mr. Chairman, I know that I will be accused

MR. SIMMONS: of all manner of things because the first tactic, Mr. Chairman, of the guilty, the first tactic of the guilty is to obfuscate, to use the red herring approach. So I am prepared for a fairly busy few days in which I will be called a few things. My friend from LaPoile (Mr. Neary) is used to being called a few things. He looks like he has survived fairly well.

I will be called a few things, Mr. Chairman. But those who engage in that, or those who rise on those inane points of order are missing the entire point, Mr. Chairman, the entire point of what I am saying, and that is that there is a lot amiss here. You can get me on all the points of order you want and get me on all the relevancy you want and tell me that I should not be saying things here because I am not in the Public Accounts Committee. Tell me all that you want but that does not change one basic fact, Mr. Chairman, \$15 million to \$20 million were spent in the 1974-1977 fiscal years without any public tenders being called.

MR. PECKFORD: Mr. Chairman, on a point of -

MR. CHAIRMAN: Order, please!

MR. PECKFORD: On a point of personal privilege. If the hon. member for Burgeo - Bay d'Espoir in the last three or four sentences that he uttered is trying to indicate by not saying specifically but by saying indirectly that the member for Green Bay (Mr. Peckford) in his points of order this morning was deliberately trying to stop information which could prove illegality by anybody in this administration, if the hon. member for Burgeo - Bay d'Espoir is trying to say that indirectly, which is the clear understanding that I deduce from his remarks, the hon. member for Burgeo - Bay d'Espoir could not be further from the truth; that I am not trying, through what I have done here this morning, to

MR. PECKFORD: stop proper information from coming out if it relates to illegality and if it is in order and all the rest of it. And the hon. member knows full well that the hon. member for Green Bay would not dare attempt that. I am trying to do, as my role is to do, over here. The hon. member knows that as Chairman of the Public Accounts Committee he will, in due course, with the information that he has at his disposal, release that information as will other members who have the information. So I hope the hon. member is not trying to indicate in any way, shape or form, directly or indirectly or any other way that I have been deliberately trying to stop valuable information from coming to light in this Committee because I know this to be bad information, that I know this information could

MR. PECKFORD: somehow show illegality on behalf of the administration I am trying to stop it. That could not be further from the truth.

MR. NEARY: Point of order, Mr. Chairman. Mr. Chairman, that is not a point of order. My hon. -

MR. PECKFORD: Not a point of order, personal privilege.

MR. NEARY: Well it is not even a point of privilege. It is a point of nothing, Sir. My hon. friend here is merely indicating that harassment of gentlemen on the other side towards anybody on this side for raising these matters will not stop us from doing so and my hon. friend has not made a point of privilege, Sir, in my opinion.

MR. CHAIRMAN: On that point of privilege, I would like to refer to page 130, Beauchesne, Clause 155, I would ask the hon. member for Burgeo-Bay D'Espoir if he would withdraw the remarks which seemed to implicate any reference to the -

AN HON. MEMBER: - What is the citation, Mr. Chairman?

MR. CHAIRMAN: Page 131, Clause 155, I would ask the member to withdraw it.

MR. SIMMONS: Mr. Chairman, without at all being critical of the Chairman, I would have expected some citation of what it was I had implicated because I am not particularly sure what I did. I do not want to get bogged down on that one. I would like to respond and of course withdraw. I would like to respond to what the member for Green Bay has said. I have known him for a long time too and -

AN HON. MEMBER: Did you withdraw?

MR. SIMMONS: Yes, indeed I have withdrawn. I have known him for a long time too and I have never ever had reason to think of him as anything or anybody but a person of the utmost integrity. So, I would be pained considerably if he went away from this committee thinking that I had impugned that kind of motive to him. I am sorry if I gave that impression because that is not what I was

MR. SIMMONS: wanting to do. I am a little concerned, Mr. Chairman, that there is going to set in a period of obfuscation and detracting from the real issue. I expect it. I hope it does not happen, because we have in front of us, Mr. Chairman, unfolding in front of us this Public Works issue. I am convinced that it is one of the biggest affairs and I believe one of the bigger scandals to hit provincial government in this province in a long time.

Now, Mr. Chairman, I started to say that I will be accused, as I do wear a couple of hats, I will be accused of saying things in my capacity of Public Accounts Committee Chairman. Let me make it clear, Mr. Chairman, that today, Mr. Chairman, in my comments now - I talked for three-quarters of an hour earlier and about the same now - in the last hour and a half or so I have been talking altogether this morning, I disclosed one bit of information and one only that came to me as Public Accounts Committee Chairman. Now there is a lot that comes to me as a member of the committee which means that other members of the committee get it as well, of course. All right, it is equally available to any member of the committee. I have disclosed one bit of information and one only which came to me in my capacity as Public Accounts Committee Chairman and that is that on May 26, Thursday, May 26, the Auditor General informed me as Public Accounts Committee Chairman -

AN. HON. MEMBER: You have already withdrawn that.

MR. SIMMONS: No, no. I did not withdraw that,

AN. HON. MEMBER: Did you not? I am sorry.

MR. SIMMONS: No, no. I withdrew with reference to proceedings of the committee. But I am just saying for the record now, because I know that I am going to be accused of saying all kinds of things as Public Accounts Committee Chairman, I am saying that I used one bit of information this morning here that came to me in my

MR. SIMMONS: capacity as Chairman of the Committee. That is that the Auditor General informed me of his concern on May 26 concerning possible fraud implications in the evidence he had. That bit of information and that only is the only bit I have introduced into Committee that was not available to me outside of my function as Chairman of the Committee.

Indeed, I did say to the committee earlier that a lot of my concern is that a lot of the information is coming to me incidentally because I happen to be identified with the Public Accounts, you know, the telephone calls and so on and so forth, I have resisted using because there is always a possibility of accusation that I am using the position of Committee Chairman. I cannot stop people from phoning me or writing me

MR. SIMONS: and I intend, as a member of this house, to use that information responsibly and at my discretion.

Mr. Chairman, those that get into that infantile argument, of course, about whether the fellow had his right hat at the given time are missing the entire point, the entire point of what I have raised in the past few days.

Now, Mr. Chairman, the Auditor General told me certain things which I made reference to on March 26th. As a result, he did not give the Committee the information that it had requested. The Committee requested on May 13th certain information. He did not give that information for a reason, because he gave it to the police instead. Had I seen that information - and I have not seen it, Mr. Chairman. I know some of the information that is there - but had I seen that information, I believe I would have to do what the Auditor-General did anyway. I do not know because that is a judgment before the fact. But, I would have to, it seems to me as a private citizen - quite apart from being a member of the House or anything else - when it comes to my attention that there is possible wrongdoing, I should be bringing it to the attention of the authorities, and that I would do.

Now, Mr. Chairman, I have other information, I say to the Minister of Public Works again, which may well constitute wrongdoing. I do not know. I do not have the money to consult a lawyer and I am not very sure on this point, but I have evidence which would appear to constitute some wrongdoing. If the public enquiry is not called pretty soon, to protect me as a private citizen of this Province so that I am not accused of suppressing evidence, evidence of possibly wrongdoing, to protect myself I am going to have to talk to the authorities myself, just to protect me, Joe Blow, private citizen. Now, that should not be necessary, Mr. Chairman. The Government has enough information this morning, enough in the past week - it has the precedent, the very unusual precedent of the Auditor General going to the Director of

MR. SIMMONS: Prosecutions and initiating a police enquiry on an aspect of what I am talking about already.

MR. NEARY: Which he should not have to do; it should be done by the Premier or the Minister. It is obvious that he was driven to desperation.

MR. SIMMONS: Yes, that is certainly a possibility, in fairness to him, and I do not discount what the member is saying. In fairness to him, of course, if he saw evidence of wrongdoing, certainly, one of his first courses would be to bring it to the attention of the authorities -

MR. NEARY: Right.

MR. SIMMONS: - and you cannot score him -

MR. NEARY: The Government.

MR. SIMMONS: Well, yes. In the Act, in the Financial Administration Act he can, in writing, make a special submission to the Lieutenant-Governor in Council, not to the House.-

MR. NEARY: That is right.

MR. SIMMONS: - not to the House. He makes one report to the House a year.

I would think that, as distinct from that, he saw evidence of possible wrongdoing and he did what any private citizen would do, he went to the authorities and I do not score him, I do not blame him for doing that. I believe he did exactly the right thing.

Now, Mr. Chairman, we can call it one o'clock. I hope we can have some indication this afternoon about the enquiry. If not, we have some other things we would like to say.

MR. CHAIRMAN: It now being one o'clock I leave the Chair until three o'clock this afternoon.

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
MONDAY, JUNE 6, 1977

The Committee resumed at 3:00 p.m.

Mr. Chairman in the Chair.

MR. CHAIRMAN: Order, please!

Before I recognize the hon. gentleman I would like to welcome to the galleries eighteen Grade VII students from James Moore Central High School, Carbonear, accompanied by their teacher Miss Dichmont, and thirty-five students from Salt Pond Elementary, Burin, the Grade VIII class, accompanied by their teacher, Mrs. Jessie Shave. On behalf of all the members I welcome you and trust you will have an enjoyable afternoon.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: I indicated before we broke for lunch that I would recognize the hon. -

AN HON. MEMBER: By leave?

MR. CHAIRMAN: Does the hon. member have leave?

MR. NEARY: If the hon. the minister wants to answer some of the questions that we put to the minister about the scandal in the Department of Public Works - does the minister want to answer any of these?

MR. DOODY: No.

MR. NEARY: I will yield and take the floor after, Sir.

MR. DOODY: I am sure you will. Mr. Chairman, the largess and generosity and kindness and consideration of the hon. the member for LaPoile in yielding the floor so that I can discuss the scandals in the Department of Public Works is heart-warming. I am not sure if that is the correct terminology. I think that a lot of considerations, and a lot of items, a lot of areas of interest and indeed concern have come to light over the past few days, which might very well give everybody in this hon. House cause for concern and cause for worry. To that extent I share the Committee's concern. The purpose of the - well the

MR. DOODY: motion or the resolution that is before this Committee right now is Bill No. 79, which is "An Act To Amend The Insurance Premiums Tax Act," and this 3 per cent increase in the insurance premiums tax plus the other clause, which is one that asks for confidentiality and asks that the minister and the department be given the right of confidentiality in the disposition and the disbursement of the information gathered, which is a standard clause in most other tax acts, has really just been used as a vehicle for members of the House or members of the Committee to get into what is felt to be at this time a far more serious and far more important factor. And while I realize that nobody in this House, nobody in the Committee, nobody on either side ever is very happy about a tax bill, and certainly not happy endorsing it or voting for it, I feel that it would not have aroused the amount of interest or the amount of debate that it has, had it not given the House or the Committee the opportunity to bring in these other matters, and quite properly so, Sir, I might say, of the concern with certain alleged irregularities in the Department of Public Works.

Now it has been suggested by the - I wish the hon. member for Burgeo - Bay d'Espoir were present, because I think he is one of the people who is most concerned about this, and the gentleman who probably has more information on it than perhaps anybody else with the possible exception of the member for LaPoile. I think this time even the member for LaPoile is outdistanced. For one terrible moment I thought you were slipping into second place but God is good.

MR. NEARY: As a matter of fact, if I wanted to I could mention a couple of newsmen whose names are being bandied about.

MR. DOODY: Well this is the sort of thing

MR. DOODY: and really causes the concern
and causes the great -

MR. NEARY: That is why you should have a
police investigation.

MR. DOODY: - causes the great worry, not
only on this side of the House, I am sure on both sides
of the House and among the public generally. It is
the broad brush treatment of this sort of thing. I can
appreciate

MR. DOODY: this sort of thing. And I can appreciate the fact that there are various members of this Committee on the government side of the House as well as the Opposition side of the House who feel that it is unfair, that if indeed there are some wrongdoings, and that has yet to be demonstrated, that everybody should be so named or defamed or broadbrushed as it were. As hon. members opposite have said, the way to perhaps resolve that problem is to call for a public inquiry or an open inquiry of some sort and see if indeed there is substance to the allegations. If there is not, of course, then hon. members opposite have a very definite responsibility, which I am sure they will recognize, which I am sure they will accept the responsibility for. And certainly, government has a responsibility to take the necessary steps to see that if indeed there is some substance to these allegations that they be looked into, that the proper corrective treatment be taken or remedies be taken, and that the guilt, if there is guilt, be assigned to areas. I have had occasion over the lunch period to discuss the matter with the Minister of Public Works, who is quite honestly and quite rightly concerned about this matter. Many of the items that have been laid before this Committee have been done so today and these are the items I think that have really, for the first time, given many of us cause for concern. Because in all sincerity and in all justice - and I hope members of the Committee will try to bear with me in this, and it may be difficult to explain exactly what I mean.

And I discussed the Auditor General's report. The Auditor General has by necessity and by his terms of reference an obligation to interpret by the letter and by the rules the Financial Administration Act and the acts that apply to the regulation and administration of all the various departments. He does not have the latitude or leeway to put in the various clauses and the various sentences and the various little items of explanation which may be applicable. And in so doing, I am afraid that many items in the Auditor General's Report which may be of major significance get lost. In other words, what I am saying is that there are a whole lot of molehills in here which get lost or which lose the mountain if there is one. And that has yet to be demonstrated. And I think that a prime example of that is the one that in all sincerity and with no malice

MR. DOODY: a forethought or any other sort of evil intent the hon. member for LaPoile (Mr. Neary) raised this morning in talking about the failure of the Department of Finance to collect all insurance companies' tax that is collectable or should be collectable under the law. And the law says very clearly that there is a 2 per cent tax which all insurance companies doing business in the Province should pay. And that is quite apart from the insurance premiums tax which we are now discussing.

Quite candidly, Sir, although the law says that that is so, it is patently impossible for that law to be enforced. And I mentioned earlier here today, with the concurrence of the member for LaPoile who let me carry on, that one point in fact is an insurance company in Australia who has one or two people living here in the Province who bought an insurance policy while they were living in Australia and have since moved here. That company has no other interest in the Province. They probably owe us several hundred dollars in tax. There is no way in the world they are going to pay it. We have written them and they have told us in effect, if we want to collect it that we should take them to Court -

SOME HON. MEMBERS: Oh, oh!

MR. DOODY: - and it is just impractical in point of actual compliance with the law and the administration of the department to collect that tax.

The same thing is true of many companies on the mainland of Canada, people in other provinces. Now we have agreements with some provinces who look after this sort of thing for us.

MR. DOODY:

We do not have the same agreements with others. Some take it on themselves to chase after the insurance companies and although I think that the insurance company still has no legal obligation to obey the Treasurer of Ontario, and he writes them and says that the Finance Minister of Newfoundland has written us and says that you owe us some \$1,200 or \$1,300 in unpaid tax, I think that, for the sake of public relations, the insurance company very often sends in the tax. Those who refuse to answer us and those who do not answer us at all present us with two choices. One, we either take them to court in their own province to collect the tax, and they have no offices here in Newfoundland. And that is the major point in this thing. They have no offices here in the Province of Newfoundland on whom we can put the arms and they just happen to be companies who have sold policies in the Province and have no other interest here.

MR. NEARY: Then they should not be allowed to do business here if they do not pay taxes.

MR. DOODY: The other thing is, you know, do you tell a person who moves into this Province to go to work here or to open a business here or to move here for one reason or another that the insurance policy that he now has, that he has bought from some company whom we are not familiar with in Manitoba or British Columbia or New Zealand or the United Kingdom or whatever, that is no longer applicable, that we will see to it that he does not collect on his policy if something happens to him, that is just unreasonable also. And I think that the Auditor General within the limits of his terms of reference made that quite clear in his report which the hon. member read this morning. He inadvertently left out the fact that of the thirty-six companies from whom we have failed to collect the assessment the amount which he feels is outstanding is something in the nature of \$15,000. Now to try to collect internationally and nationally that amount of money would

MR. DOODY:

just not be practical in terms of the legal fees and the difficulties involved. And so I feel that although the Auditor General is absolutely correct in bringing that to the attention of the House, it would be impractical for us to chase down these companies. The other alternative would be to change the law to exempt these companies. And that would be even more onerous because there are many taxes which we would not collect if we were to exempt them. But I will yield for a moment, if I may. Mr. Chairman wishes to make a comment.

MR. CHAIRMAN: Order, please! I would like to welcome on behalf of all the members of the House of Assembly to our galleries thirteen post secondary students from Senaca College, Toronto, Ontario. They are accompanied by their teachers, Cathy Horn and Jennifer Genes. I welcome you to the House of Assembly and I trust that your stay in Newfoundland will be an enjoyable one.

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: Thank you, Mr. Chairman. I sincerely hope that the fog and the weatherman co-operates with the sentiments that you just expressed to our very welcomed visitors.

So as I was pointing out, and using as an example the Auditor General's comments with regards to the Department of Finance, many of the items in here while legally correct they are administratively difficult. For the past three or four years that insurance premiums tax has been mentioned by the Auditor General. As I say, unless we change the law, unless we change the act, the Auditor General will mention it again, as he is bound to do by law, in next year's Auditor General's report. This government has got to wrestle with whether it is better to change the act and exempt these mainland and international companies from the tax, and this would be mistake because I think we would lose far more revenue, or take the criticism from the Auditor General each year. Well, at a value judgment and a value decision I would prefer in this particular instance to take the criticism for having done the best we can to collect that tax and if there is \$14,000 or \$15,000 outstanding of the sum - is it \$6 million or \$4 million that the Auditor

MR. DOODY:

General says that we did collect? - anyway I think it is better in the interests of the Province that we accept the criticism. Similarly with the tobacco tax which was mentioned a little while ago. There was some four hundred and some thousand dollars in uncollected tobacco tax, arrears, penalties and collected tax which are mentioned in the Auditor General's report. And the hon. member brought that to the committee's attention this morning and quite rightly so. It is stated quite clearly in the Auditor General's Report that this amount had not been collected. The Auditor General neglected to mention that at that time an agreement had been entered into with the principle debtor in this case who owed something in the nature of \$400,000 ,

MR. DOODY: that an amount per month would be paid until the debt was liquidated. Now according to the Auditor General's interpretation the Government of Newfoundland has absolutely no right to enter in to such an agreement. If a tax is owed then the government should collect that tax, plus the penalties, plus the interest, and if we put the company out of business in the process then that is the company's tough luck - or government's, depending on whose ox is being gored. We can change the act or we can put the company out of business. The government on this particular occasion, and indeed on many occasions, come to an agreement with a company and say, "Look, we do not want to put you out of business. We have notified you now for three months in a row that you are in arrears. Your taxes are such, your penalties are such and the interest is such. Now either you pay them or we will put you into receivership."

MR. SMALLWOOD: May I interrupt the hon. minister?

MR. DOODY: Yes, certainly, Sir.

MR. SMALLWOOD: A question on that. It is quite important. In the case of the government, the Parliament of Canada and the Income Tax Act and I suppose the same thing would apply to the Corporate Income Tax Act but the personal Income Tax Act, if you are assessed for a certain amount of tax you have to pay and you do not have it but you have half of it or quarter of it or a third of it you can go to them and they will make an accommodation with you under which you can pay your debt to the Government of Canada spread over an agreed period. Is there something similar in the provincial law?

MR. DOODY: Now this is the nub of the question at the whole heart of the Auditor General's report in regard of the collection of taxes. According to the Auditor General's interpretation of these various tax acts under which we operate, the Government of the Province of Newfoundland has no such discretion. If a tax is owed we have to collect it. I feel that this is not proper.

MR. SMALLWOOD: If the minister will again graciously allow.

MR. DOODY: Sure.

MR. SMALLWOOD: It is not up to the Auditor General to interpret the law. It is up to the Attorney General, the Minister of Justice, the Department of Justice, Have they pronounced on the matter?

MR. DOODY: I cannot honestly say if the Attorney General or the Department of Justice has. I know that it is an ongoing dispute and yes, that is the correct word in terms of Webster's definition of dispute, between the Comptroller and the Auditor General as to the interpretation of the Financial Administration Act in this particular case. The comptroller feels that as long as the taxes' interest penalties are collected then the spirit of the law and indeed the effect of the law is being correctly obeyed. The people of the Province are receiving their revenue to which they are justly entitled under the law and the least possible amount of discomfort or inconvenience is laid on the company that is involved.

Now in this particular instance this \$400,000 amount was one of the major wholesalers whom I am to understand has now gone into receivership anyway.

MR. NEARY: Ha, ha, I figured that!

MR. DOODY: But in any event the Government of Newfoundland had entered into an agreement with this particular company prior to this Auditor General's Report being printed under which they undertook to pay "X" number of dollars per month covering the tax, the penalties and the interest. All of this has been recovered and all of it has been paid. The whole four hundred and some thousand dollars is now in the public treasury. The company has -

MR. SMALLWOOD: Paid in full.

MR. DOODY: Paid in full, completely, without a copper outstanding, without a cent, with nothing.

MR. SMALLWOOD: What about interest?

MR. DOODY: Interest is paid, penalties are paid, the back taxes are

MR. DOODY: paid. Everything is paid. It is all in the public treasury as a matter of record, as a matter of fact. Now we could have -

MR. SMALLWOOD: Would the minister -

MR. DOODY: Yes.

MR. SMALLWOOD: He is very courteous to me and very gracious to allow me to interrupt him every now and then. Would I be correct in saying, would my memory be right in saying that my recollection is that long before this present administration came in power, going on six years ago, for years before that, before Confederation, in the days of Commission of Government and all the days of Confederation prior to the present administration the practice was to come to an accommodation with the taxpayer, the main aim being to get the money that was due the Queen, get it even if it had to be spread over a period? Is my recollection correct in that?

MR. DOODY: I am absolutely certain that the hon. member is correct. Obviously my memory, unfortunately,

MR. DOODY: or my recollection does not go back that far but certainly that is the principal of a tax act, to get the taxes for the Crown that the Crown is entitled to. It is not -

MR. SMALLWOOD: Although the act does not spell it out.

MR. DOODY: It does not spell it out as such. The principal of the act is not to put out of business those people who find themselves for some reason or other temporarily incapable of making a payment through a cash flow problem or in many cases in smaller business in the Province of Newfoundland through ignorance or in many cases in the Province of Newfoundland through errors in the Department of Finance who may have made an incorrect assessment. According to the interpretation of the Auditor General the law is a law is a law and there is no other. To me that is not what the law is and as long as I am Minister of Finance I will defend this policy as long as I am here because it is not my responsibility to put people out of business.

MR. NEARY: Why make chalk of one and cheese of another?

MR. DOODY: Because I do not want to make chalk of anybody. I want to make cheese of everybody. If a person deliberately sets out to avoid the taxes that he should lawfully pay and refuses to come to an accommodation, who has some assets which are obvious, then we will lay on him the full power of the arm of the law and do what has to be done. But if somebody, no matter how large or how small, as the hon. member from Twillingate said earlier, everybody has a right to starve to death in the Majesty of the law under the bridges of the Seine if he wants to. We will lay with equal stress on all of them the right to try to come to an accommodation. Now there are many people who take advantage of this and they drag us along for months and months and months and eventually they demonstrate to us that they are not being sincere and are not being reasonable and are not being honest and then you lay down the arm on them. But if the S.S.A. tax that is due fifteen days after the end of the month does not arrive in on the sixteenth day, according to the Auditor General that person is in

MR. DOODY: violation of the law and his S.S.A. licence should be revoked and he should be put out of business. Now this might be some gentleman up in the Northern Peninsula or in Labrador or in Harbour Main or on Bell Island or for some reason or other has not gotten around to sending in his S.S.A.

MR. NEARY: They presented your trophy yesterday but I wanted to present it and they would not allow me to do it.

MR. DOODY: They should have because I have done it for you.

MR. NEARY: No, the hon. gentleman has not done it for me.

MR. DOODY: Well, I have -

MR. SMALLWOOD: The word "you" is impermissible.

MR. DOODY: The word "you" is impermissible, The hon. gentleman knows that I have spoken well on his behalf on the Island from time to time attending various functions.

MR. NEARY: I wanted to get my picture taken presenting the hon. gentleman's trophy.

MR. DOODY: I would have been delighted to have had the privilege of being associated with you in that particular context.

MR. PECKFORD: Would you repeat what you said on those occasions?

MR. DOODY: I said nothing but kind words. The hon. gentleman knows. He has a pipe line from Bell Island which has nothing to do with oil and gas.

MR. SMALLWOOD: Yes, his usual reliable informant.

MR. DOODY: Yes, from that particular source there is no question that -

MR. NEARY: The hon. gentleman should have been there. There was eight or nine hundred people there.

MR. DOODY: I wish to heck I could have been. I was at the last one and unfortunately the -

MR. CHAIRMAN: I do not believe you are close to relevancy at this point. Order please, I do feel that -

MR. DOODY: This is particularly relevant. There are so many

MR. DOODY: taxpayers on Bell Island, Your Honour, who are very, very interested in this debate and I feel that it is only right and fair that their name should be mentioned in the context of the whole debate.

MR. SIMMONS: That is why you -

MR. DOODY: If the hon. member from Burgeo-Bay d'Espoir knew what this particular function was at that Boys and Girls Club on Bell Island where there are 900 kids actively associated in one of the most depressed economical areas of the Province he would not be factitious about presenting a trophy to these children over there because that is one of the most noble and most worthwhile projects that I have ever been involved in.

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: And I am absolutely delighted to say that my hon. friend from LaPoile is the honorary president of the organization. I present the trophies and he is the honorary president.

MR. SMALLWOOD: He gets the credit.

MR. DOODY: That is right.

MR. NEARY: I am also one of the few surviving members who originated that club, who started the club.

MR. DOODY: Yes, and I might say, Your Honour, that most of them turned out well.

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: To get back to the nub of the matter, Sir, and the interpretation of the Auditor General's report, I mentioned these items particularly now, there are four, I think, companies involved in the tobacco tax thing. I am not going to mention their names. The biggest one was almost \$400,000. That is the one that has all been paid, completely, as I said earlier, and they were in, that company was in operation before I went to work on Water Street in 1947. I wish they were still in business and I think they are but somebody mentioned to me today that they are gone into receivership.

MR. NEARY: That is right.

MR. DOODY: Now that I think is a tragedy because they are -

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MR. NEARY: Newfoundland Brokerage.

MR. DOODY: Yes and, you know, there was no need for this. Despite what the Auditor General says here there was no need for

MR. DOODY: this government to put them into receivership. Unfortunately it has happened anyway. I am happy to be able to say it did not happen because this government forced them to do it. They paid what the Crown was owed and unfortunately they have had other difficulties which we were not in a position to help them on.

The other three companies involved -

MR. NEARY: - the regional college out in Corner Brook.

MR. DOODY: Now that is not Newfoundland Brokerage.

MR. NEARY: No, but it is the same -

MR. DOODY: Some of the people involved may be the same. Do not muddy the waters now please, Mr. Chairman. The hon. member gets carried away when he gets on one of these -

MR. NEARY: No, I do not get carried away. I am not naive either.

MR. SMALLWOOD: One thing he never does is get carried away.

MR. DOODY: Well I wish somebody would help get the hon. member carried away. Maybe I can rephrase -

MR. NEARY: Well the Tories have been trying that now for three years.

MR. DOODY: The other three companies involved in the Tobacco Tax thing world, they are relatively small. One of them was an \$11,000 amount. It was a firm from the Province of Quebec which was illegally selling tobacco in the Province of Newfoundland in Labrador City. By the time we discovered it he had hopped back over the border again and has since disappeared. There was another gentleman -

MR. SMALLWOOD: Are you collecting income tax yet from the people who earn their living in Labrador, Labrador City, the City of Wabush and who reside there and earn their living there, or is Québec still insisting that they should get their income tax?

MR. DOODY: The situation is still as the hon. member remembers it, although now we get our correspondence in French which makes it much more difficult.

The other two companies involved: one was a company working in Port aux Basques, about the same sort of a situation. They were running a few cigarettes in from Sydney; and the other one was a local company owing \$2,000 which we have collected. So the four companies involved, I think there is something like \$12,000 or \$15,000 of that \$420,000 or \$430,000 which has not been collected and they are noncollectable for the same reason - you can hire a battery of lawyers and chase this company through the Province of Quebec and all you will get out of it is a lesson in French and we can get that courtesy of the taxpayers or the Government of Canada or the people of Canada now, who will be only too happy to teach anybody French providing you pay for only one per cent of it.

MR. STRACHAN: Total immersion.

MR. DOODY: Total immersion. That is right, whether you like it or not.

I raise these points, Sir, not only to straighten or correct the record in terms of the Auditor General's report on the Department of Finance but to point out the fact that the Department of Finance and indeed all the departments of government study and look at the Auditor General's report and show concern and look into them and I have a number of other notations on my own department and I am sure that other hon. member do as well and the questions that have been raised, particularly today with regard to the Department of Public Works and Services, seem to go above and beyond that, although perhaps during the initial study of

MR. DOODY: the Auditor General's report, it did not seem to be quite as important as the hon. member for Burgeo - Bay d'Espoir brings to our attention today.

MR. SIMMONS: Could the minister repeat?

MR. DOODY: I am saying that in the initial study of the Auditor General's Report - unfortunately the hon. member was not in the House when I started to develop this particular theme. I was saying that in the Auditor General's statement each year there has to be by the very nature of his task, by the very nature of his function, he has to report on all the departures from the absolute law in a square box that there are in the Financial Administration Act. And I was mentioning The Tobacco Tax, and the Insurance Tax and how impractical it would be to have gone along with the exact interpretation of the law. And the Auditor General quite rightly had to report to the House that the law had been broken.

MR. SIMMONS: Even though some of it may be very small.

MR. DOODY: That is right. As I said the \$15,000 that the Auditor General says we should have collected and did not from outside companies in the insurance field. It is going to happen one of these days; We are going to have an orthopedic case right here in the middle of the floor.

MR. SMALLWOOD: Have what?

MR. DOODY: An orthopedic case. The \$15,000 that should have been collected from companies and I mentioned the one in Australia and there are others in other parts of the world, it would just not be practical, sensible or

MR. DOODY: administratively, you know, reasonable to chase after these, to hire lawyers in all these places and chase after companies who could probably demonstrate that they did not owe any tax in Newfoundland anyway.

But in the middle of this thing there could very well be some icebergs or some mountains and there is a possibility, which I am not admitting as a certainty, but which I am saying could very well be one of major importance which is now being surfaced in the Department of Public Works and Services, and the hon. minister responsible for that department discussed this matter with myself and others during the lunch period. And as the minister responsible for the administration of the Financial Administration Act, both as President of the Treasury Board and Minister of Finance, of course I have a very real interest in this thing as well. And as this material is brought forward, and whether they are factual or not factual, of course, remains to be seen, and that is one of the reasons I am sure that the hon. members are asking for an inquiry; but hon. members have to realize at the same time that to ask for an inquiry today and that government make a decision today is beyond the realm of possibility. The government can not make a decision today as to whether an inquiry should be held or should not be held.

MR. SIMMONS: You did it on the 26th though.

MR. DOODY: The Minister of Justice is not in the House and the hon. the Premier is not in the House. There is an RCMP investigation underway into a facet of this. I do not tend to know the law that well, or what the implications are or what should or should not be done. I do know that there is a tremendous amount of concern on this side of the House and I am sure there is a tremendous amount of concern on the other side of the House. Whether these matters be real or true, or whether they not be real or true, I think some way has to be found to resolve them to everybody's satisfaction.

I am not in a position, unfortunately, to give the assurance that the hon. member from Burgeo - Bay d'Espoir (Mr. Simmons) asked for saying to the effect that today a commitment has to be made that the government will ask for such an inquiry.

MR. DOODY: I realize also that the members opposite are going to say, 'You have known that since the Auditor General's Report came out.' Well, you know there are many, many items in the Auditor General's Report which apparently do not have the repercussions that this particular situation has. Many of the items which have been surfaced have only happened or only been brought to light over the past several days. I think it was on March 7th the question was asked, and March 10th or 13th the hon. minister replied and to the best of his knowledge and information he supplied to the House the answer to the question. And on it goes. And I am sure that the hon. member for LaPoile (Mr. Neary) is not the only person in this House who has a complete monopoly on conscience or a complete monopoly on honesty, or the only one who can stand up clearly and proudly and say, I have a clear conscience and I have no worry about what comes out. And I can assure the hon. member that I, myself, have come into this House with nothing but a good reputation and a clear conscience, and I have no doubt that I will leave with about the same thing. I feel that this is true to the best of my knowledge of everybody in this hon. House. And therefore, perhaps it is even more important that very close scrutiny should be given to these allegations. And until such time as the Premier and the Minister of Justice and others get together to discuss this thing in detail, to look into it in detail, until we get a chance to get the Comptroller and the Auditor General and Treasury Board and so on to see exactly how deep this goes - and I am not suggesting an internal investigation now. I am just suggesting to the House that this may simply be a tempest in a teapot, although it would appear that there is more to it than that unless the hon. member from Burgeo - Bay d'Espoir (Mr. Simmons) was completely mischievous, and I do not think he is, I honestly believe he is.

MR. SIMMONS: Would you allow me just a brief interjection?

MR. DOODY: Yes, sure.

MR. SIMMONS: I probably did not clarify this morning, but two sets of figures in particular are audited figures.

MR. DOODY:

Excuse me for not sitting down.

MR. SIMMONS:

The \$305,000 as it relates to the Torbay hangar No. 3, \$305,000 and so many hundred dollars is an audited figure, a final audited figure. It is not a guess on my part or heresay, it is an audited figure. The \$616,000 which I mentioned this morning is an audited figure. So these two figures totalling \$921,000 represent audited figures, and I just wanted to make that clear to the minister.

MR. DOODY:

I have no doubt that the figures that the hon. member presented to the House or to the Committee are accurate figures. What we do not know is what work was performed for these numbers. And I think that

MR. DOODY: is the nub of the question. To pay \$1,000 for something is not significant if you are getting \$1,000 worth of value for that expenditure. It has been suggested to the Committee that the amounts of money - the audited figures and numbers that have been presented to the Committee - are not legitimate, that service was not rendered for the amounts paid and that the Government indirectly - indirectly the taxpayers - have been in effect, I think somebody mentioned swindled, ripped off, stolen, thievery - all sorts of terrible words which I hope are incorrect.

So, as I say, Mr. Chairman, the people on this side of the House are just as anxious as hon. members opposite to get to the bottom of this and see that the correct answers are brought forward and presented to the public and, indeed, to ourselves. I do not think we should precipitously rush into it for the sake of having a public enquiry; I think we should sit back for a day - perhaps a day and a half or whatever it takes - to have a chance to look at the thing reasonably through the Government's eyes with the help of the -

AN HON. MEMBER: The Premier will have to be here first.

MR. DOODY: - with the advice of the Premier and the concurrence of the Premier. Certainly, it is not a decision that I would -

MR. SIMMONS: When will the Premier be back?

MR. DOODY: - care to make because I do not have the authority to make it. I did not even run in the Leadership Convention, not to say get elected.

MR. SIMMONS: And the Minister of Justice?

MR. DOODY: The Minister of Justice is in town now. He is back in town. I have a call out to the Premier.

MR. SIMMONS: So they are both available within a day or so?

MR. DOODY: That is right.

MR. PECKFORD: Hopefully, by Wednesday morning, right?

MR. DOODY: Hopefully, various discussions will be held with the departments involved and we will be in a position to put a report together and present it to the Premier and to Cabinet, and hopefully, then, at that time the House will be in a position to chastise us for not taking the correct action or for saying, "Yes, that is the right way to go". I do feel though that - and I do not mean this in an apologetic way or a begging way, or anything else - I do feel that it is not going to be productive in any sense to keep hammering at this particular point on this particular day, not that there is not merit in it from the Opposition's point of view, but it cannot be productive because we are not in a position to make the decision that the Opposition would like us to make because I am not, as I say, the Leader of the Government nor is anybody else here, nor do we have the advice of the Chief Law Officer of the Government. And as I say, there are implications and ramifications to this affair above and beyond my capabilities and even the capabilities of many of my colleagues in terms of law, in terms of precedent, and in terms of other things.

If this thing is as big as people have suggested it is, then I think it is worthy of a great deal of thought and a great deal of consideration. I have heard the hon. member for Burgeo-Bay D'Espoir (Mr. Simmons) and the hon. member for LaPoile (Mr. Neary) suggest that perhaps people's careers may be affected by this, that there are people who may be involved far more deeply than we have any idea. Who are the people and who are 'we'? I do not know. Are they public servants? Are they elected officials? Are they people outside Government? All these things are floating around now, and until they are brought to earth and shot down, and localized, and identified, then I am afraid that once again the body politic, as it were, has another lethal injection into it, and the public life in Newfoundland is once again that much the worse for it. I am certainly not suggesting

MR. DOODY: that those people who brought it to the attention of the House should have to apologize for having brought it to the attention of the House; what I am saying is that within the limits of the Government side of the House as it now stands we have gone as far with it as we possibly can. We have a meeting as I said earlier, another Cabinet meeting between six o'clock and eight o'clock this evening, and hopefully, we will be in a position then to make some suggestions and recommendations. But a decision certainly cannot be brought forward today on a public enquiry, a judicial enquiry, or a magisterial enquiry, or whatever kind of enquiry that the Committee feels is necessary.

I do not think there is a great deal more I can say on that particular aspect of the situation, Your Honour. I can go back to asking that the Committee move the resolution asking for the three per cent increase in the Insurance Premiums Act and the confidentiality that is asked for in the Act, but I think that really is secondary to the concern of the House or the Committee right now. At this point I feel that all I can say is that the Minister of Public Works, the Minister of Finance, and all the Ministry, and indeed, the entire Government side of the House is far more concerned about this than we had been before because there are, apparently, all sorts of things coming to the surface, and whether they are real, true, or imaginary, is something that we do not really know, and we are going to have to find out.

With these few comments, your honour, I will take my place and I expect the member for LaPoile may have another word or two.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, the hon. gentleman who just took his seat, the Minister of Finance, Sir, made a sort of reasonable presentation on behalf of the administration. At least now we have an admission of concern that we did not have before. We have the minister, whom I presume speaking for the administration, telling us that the government, the ministers and some of the backbenchers share the concern of members on this side of the House. At least that is something. That is a concession that we have gotten, I suppose, grudgingly. I have had an opportunity to talk to some of the members, the backbenchers, myself, unfortunately, the Scattered-Day members, like the member for St. John's East (Mr. Marshall) and the member for St. John's North (Mr. J. Carter) who only come here a scattered day, were not here this morning, Sir, for the

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

MR. CHAIRMAN: A point of order.

MR. MARSHALL: This House can suffer so much from the likes of the hon. member. The fact of the matter is, Mr. Chairman, that it is completely out of order for somebody to make an allusion like this. I am in here as much as the hon. member is in here. This is the second or third time he has made this allusion. And he thinks he can run the House of Assembly by making his little innuendoes, hither tither and yon. But I am just not prepared to accept it, Mr. Chairman. And I ask him to withdraw the remark.

MR. NEARY: To that point of order. That is not unparliamentary, Mr. Chairman. What I said is a matter of opinion between two members, Sir. And I would submit that the hon. gentleman does not have a point of order, Mr. Chairman.

MR. CHAIRMAN: Order! As I understand it, the hon. member for LaPoile (Mr. Neary) did cast some doubt on the attendance of the hon.

MR. CHAIRMAN:

member for St. John's East (Mr. Marshall). I cannot bring to mind an actual quotation from Beauchesne in regard to this, but I think that my reading of Beauchesne does suggest to me that it is not in order to suggest that an hon. member is not performing his duties as he should as a member of this House. And if the hon. member for LaPoile (Mr. Neary) by his remark intended to make that reflection, I would ask that he withdraw the remark.

MR. NEARY: That is not the charge I am making at all, Your Honour.

SOME HON. MEMBERS: Withdraw! Withdraw!

MR. NEARY: There is no such charge made, Mr. Chairman. Your Honour has made the ruling. And Your Honour asked me if that is what I meant if I would say so. And I am saying no, that is not what I meant.

It is unfortunate, Sir, that the two hon. gentlemen -

MR. MARSHALL: Mr. Chairman, is the hon. member going to just flaunt the ruling of the House. He has been asked to withdraw. Now is he to be made to withdraw or is he not?

MR. J. CARTER: No, he is not to withdraw. He is a pig!

MR. CHAIRMAN: Order, please! I do have to accept the hon. member's remark that this was not his intention. I did not hear him state, in actual fact, in so many words, that he felt the hon. member was not performing his duties as such. It seemed there was some suggestion that he may have been casting that reflection on the hon. member. But he did not say in so many words. I must accept the hon. member's word that this is not what he intended.

MR. NEARY: Thank you, Your Honour. Now, if we can only just get hon. gentlemen to restrain themselves, Sir, for a few moments. It is unfortunate that the two hon. gentlemen were not here this morning for the great debate that took place, that would have opened up the eyes and the ears of the hon. gentlemen.

MR. J. CARTER: A stream of poison, I imagine.

MR. NEARY: Well, Mr. Chairman, -

MR. SIMMONS: A point of order, Mr. Chairman.

MR. NEARY: No, the facts -

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

MR. CHAIRMAN: A point of order.

MR. SIMMONS: A point of order, Mr. Chairman. Mr. Chairman, first of all the member for St. John's North (Mr. J. Carter) knows, of course, he should not speaking except from his own seat. But that is not the point I want to raise. My friend from LaPoile (Mr. Neary) referred to the debate which took place here in committee this morning. The member for St. John's North (Mr. J. Carter) construes it was streams of poison. I spoke for just about an hour and a half in the debate this morning, Mr. Chairman, and I do not regard anything I said as being related at all to poison. I laid out some facts rather painfully, without any glee in doing so, I laid out some facts which I believe to be facts, some of which are audited financial facts, indeed. And I believe the member is doing a big injustice to

MR.SIMMONS: the debate that went on here this morning when he suggested that somehow there was something malicious in what we did and I think he should be invited to withdraw.

MR.CHAIRMAN(Collins): The Chair is in the unfortunate position in a way that I did not hear any remark. I was engaged in something else. I believe that from the hon. member for Burgeo-Bay d'Espoir's remark that he did hear something derisive. All I can do is to call upon the hon. member for St. John's North if he made a derisive remark or an insulting remark to withdraw it. I can hardly direct him to do something that I did not hear him do.

MR.J.CARTER: Mr. Chairman, I am,publicly, I am in your hands. I am constantly forced to make a few derisive remarks,send them across this floor,because the amount of innuendo and sly debate that occurs in this House is in my view excessive. However, if you require me to withdraw anything I shall certainly do so.

MR.CHAIRMAN: Hon. member for LaPoile.

MR.NEARY: Mr. Chairman, it is unfortunate that the two hon. gentlemen were not in their seats this morning to hear the facts as they were laid out by hon. gentlemen on this side of the House. There was no innuendo. There was no character assassination. There was no smear tactics used. It was all straight and above board. There was nobody ruled out of order for being unparliamentary. It was all straight. Nobody was asked to withdraw,as the hon. gentleman was just asked, by the Chair. There was none of that. It was all pretty good debate. High level debate. The Minister of Finance,who just took his seat,admitted for the first time, - hon. gentlemen should pay attention to what the minister said unless the hon. gentleman are going to bolt the party as they usually do - the hon. gentleman said that they recognize, the government now recognizes the fact that there is a problem. There may be need for a full-fledged enquiry. I hope it will be a police investigation. I think public enquiries under the

MR. NEARY: Public Enquiries Act are a farce, are a kangaroo court. The only way you can get justice is through a police investigation. Call in the fraud squad, both the Newfoundland Constabulary and the RCMP. The reason I say that, Sir, I do not know if hon. gentlemen know the way that public enquiries operate. A public enquiry is set up, the commissioner is appointed, usually a Judge of the Supreme Court. I do not know why we always have to stick to Judges of the Supreme Court. Then the enquiry, the commission of enquiry has a lawyer assigned to it. Nobody, but nobody can cross-examine the witnesses only the lawyer representing the commission of enquiry. Do hon. gentlemen realize the implications of that?

Let me repeat what I said. Just so hon. gentlemen will realize how a judicial enquiry operates. God only knows, I should know. I observed one from very close quarters for almost a year and-a-half. I know how they operate. They can be a kangaroo court. You have a commissioner appointed. He in turn hires staff, including a lawyer, a solicitor, for the commission of enquiry.

MR. J. CARTER: How long has the member spent in jail?

MR. NEARY: Not half as long as the hon. member should spend in jail. Not half as long as the hon. gentleman should be serving time, not on the Salmonier Line. The hon. gentleman supports this administration where we have all these scandals now unfolding in front of us. The commission of enquiry, Sir, hires staff, including a lawyer. That lawyer is the only one, is the only person that is allowed to cross-examine witnesses. If other people have lawyers, if companies, individuals or business people involved have lawyers they have to ask questions of witnesses through the commission's lawyer. It is not like a court of law. Your lawyer cannot stand up and cross-examine the witnesses. It has to be done through the commission's lawyer. Either you whisper in his ear

MR. NEARY: - what you want him to ask or you write him a note and pass it over to him. Now what kind of a situation is that? It is time that we amended the public enquiries procedure in this Province. But anyway, if the government goes for a commission of enquiry, well and good. There is nothing I can do about it. That is their alternative. That is one of the options open to them and it will be a long dragged out affair but I claim, Sir, that what should happen in view of the serious charges and accusations and rumours that are flying around that it should be an investigation by the RCMP Commercial and Fraud Squad and the Newfoundland Constabulary Commercial and Fraud Squad. I think that is the only way.

Now, okay. So the minister has told us that the government at the moment is not in a position to act. We have this tax bill before us and the minister I presume is trying to get it approved this afternoon or trying to get it approved within a reasonable period of time. There are other tax bills coming up. My suggestion to the minister, if the minister is sincere and genuine and is speaking for the administration and recognizes the fact that there is a problem with all the -

MR. ROUSSEAU: Are you talking to me?

MR. NEARY: I am talking about the Minister of Finance. If the minister is speaking for the administration - and there is no indication that the minister is; the Acting House Leader is the Minister of Mines and Energy - then I would suggest that the minister lay on the table of the House these tax bill, lay them on the table of the House until such time as the Minister of Justice and the hon. the Premier and the other ministers are back in their seats so that we can test the sincerity of the administration.

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

MR. NEARY: Yes.

MR. DOODY: Is the hon. member suggesting that we should defer

MR. DOODY: all the financial or fiscal bills, all the legislation until such time as a decision that is acceptable to the hon. member is forthcoming? I mean, you just cannot hold a gun to government's head like that and expect government to govern. If you want co-operation then you are going to have to get it on both sides of the House. It has to work both ways.

MR. NEARY: Well, we are quite prepared - at least I am - I am quite prepared to co-operate, Sir. There is a second reading of a bill I believe to amend the Retail Sales Tax Act coming up. That one should be tabled. The Tobacco Tax, the Insurance Premium Tax Act, three bills, I believe there are three bills on the Order Paper that have to do with increases in taxes. I believe there is another one there for the Income Tax Act, four bills that have to do with taxes.

Now these four bills should be laid on the table of the House and go on to other legislation until tomorrow or Wednesday. I think the minister indicated it might take a couple of days. Well why not just delay the debate on these bills until such time as we find out what the government is going to do about all these scandals that are rocking the administration?

MR. MURPHY: Alleged scandals.

MR. NEARY: I beg your pardon.

MR. MURPHY: Alleged.

MR. NEARY: All right, alleged scandals. I think that is a fair proposal, Sir, would the minister agree to that?

MR. DOODY: No, I am afraid that, you know - for myself -

MR. NEARY: Is the minister asking a question now or making a speech.

MR. DOODY: I am asking the courtesy of having an interjection.

MR. NEARY: All right. I will yield for an interjection, Sir.

MR. DOODY: It may save some controversy later on. I do not think that this administration, this government or any government

MR. DOODY: is in a position to lay upon the table of the House various legislation which it has brought forward as a government, you know, and put itself at the disposal of an independent member from one or other district. You know, that just does not seem to coincide with the wishes of the electorate who decided by majority whom they wanted to govern the Province.

MR. NEARY: No, Mr. Speaker. The hon. gentleman is being dogmatic now. The hon. gentleman was reasonable first when the hon. gentleman spoke. But I am just putting forward my own personal suggestion to the hon. gentleman. And I am not doing it just to delay the proceedings of the House but I think that if we pass these bills, debate ends of these bills, well then we will not get a second chance at it.

MR. DOODY: You still have the Budget Speech.

MR. NEARY: We still got the Budget Speech? We have no -

MR. DOODY: You still have the Address in Reply.

MR. NEARY: - we have no guarantee that the Budget Speech is going to be called yet. We have not even finished the Throne Speech. We have not even finished off the Throne Speech yet.

MR. DOODY: I have given my word to the member for Burgeo - Bay d'Espoir.

MR. NEARY: I think, Sir, it would be a fair proposal, if the government are genuine and

MR. NEARY: sincere and they want to see these things investigated and not have this dark cloud hanging over their heads for the rest of the Summer and next Fall when the House is closed, that they delay the debate on these tax bills and then we go on to other business.

MR. ROUSSEAU: Did you say he has already given the undertaking to the member for Budgeo - Bay d'Espoir (Mr. Simmons) that the Budget Speech will be called? Is that correct? Is that correct, the minister has given the undertaking the Budget Speech will be called?

MR. DOODY: It has to be called.

MR. NEARY: But, Mr. Chairman, it is too late then, it is too late.

MR. DOODY: It has to be called, there is no other choice.

MR. NEARY: Look, Mr. Chairman, let me point out for the benefit of the hon. the Minister of Public Works and Services, who is the gentleman who is under fire and under pressure at this moment, that we are objecting to passing these tax bills until such time as we find out what action the government is going to take on these alleged scandals that we have been talking about all day Friday and today. Once we pass the bills, then it is too late. We can have the Budget debate, the Budget debate can go on, and on, and on -

MR. DOODY: Right.

MR. NEARY: - then the House will close but the tax bills will have been passed and the people who buy insurance will be paying the three per cent extra on their insurance policies.

MR. DOODY: You already, in effect, voted for the tax bills when you voted for supply because they are part of the supply bill. If you are going to vote them down we have to go through the budget again.

MR. DINN: He does not understand.

MR. DOODY: The estimates are all wrong. They are incorporated into the revenue figures.

MR. DINN: He does not understand that.

MR. NEARY: Mr. Chairman, my understanding is that it will be illegal for the government to collect this tax until this bill is passed.

MR. DOODY: That is right.

MR. NEARY: Well, that is why we are objecting to it. We do not want the bill passed until we find out what the government is going to do about extravagance and waste and about squandering.

MR. J. CARTER: Say it again now for the man, say it again.

MR. DOODY: Ah leave him alone.

MR. NEARY: And about the scandals that are involving millions and millions of dollars of the taxpayer's money.

Mr. Chairman, there is another aspect to this bill that I would like to raise and that is in connection with a promise and a request that has been made by the administration on a number of occasions to launch a full-fledged investigation into insurance rates in this Province. I have been wondering all along, and all of a sudden this morning it dawned on me why we cannot get this investigation into insurance rates in this Province, Mr. Chairman, the higher the insurance rates in this Province the more money the Minister of Finance collects on his ten per cent. So would it not be in the interest of this administration to keep the insurance rates up as high as they can? They are not interested in lowering the interest rates in this Province, Sir. They will collect ten per cent now once this bill goes through, they will collect ten per cent on insurance premiums in this Province.

MR. NEARY: And the minister says they can get \$2.8 million in that way. Well what would happen if the Minister of Consumer Affairs and Environment launched an investigation into insurance rates in this Province and the rates were lowered and the insurance companies that have ripped off the people of this Province had to rebate their policy holders and the insurance premiums were reduced? The minister then would not get his \$2.8 million, so the higher the rates the more money the government will collect.

MR. DOODY: That is self-defeating in the long run.

MR. NEARY: What is self-defeating?

MR. DOODY: By increasing the rates you eventually drive the populace to a point where they cannot afford insurance and so you receive nothing.

MR. NEARY: Oh, Mr. Chairman, what the hon. gentleman does not realize is that we have compulsory insurance, automobile insurance in this Province that created a milch cow and a bonanza for the insurance companies.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: The vehicle owners have no choice. They have to get the insurance and the insurance companies can sock it to them as much as they want. The minister is going to get his ten per cent.

MR. DOODY: Plus the income tax, corporate tax.

MR. NEARY: Plus the income tax, that is right, Sir.

MR. DOODY: Corporate tax, that is the protection.

MR. NEARY: Mr. Chairman, we know that the insurance premiums are going up all the time and we know why they are going up, in a lot of cases. The figures

MR. NEARY: in the paper the day told us that there is a direct relationship between the increase in insurance premiums in this Province and alcohol and heavy drinkers. Drunken driving, impaired driving that went up from 1970 to 1975 by 238 per cent. The number of impaired drivers that were charged increased from 1970 to 1975 by 238 per cent, and in 85 per cent of fatal accidents in this Province alcohol was involved.

MR. SMALLWOOD: Eighty-five?

MR. NEARY: Eighty-five per cent.

MR. SMALLWOOD: For what year?

MR. NEARY: From 1970 to 1975.

MR. J. WINSOR: Are you suggesting that higher rates are driving them to drink?

MR. NEARY: No. I am suggesting that instead of the minister trying to whack this \$2.3 million out of the backs of the ordinary taxpayers, that they charge it up to the Board of Liquor Control, Newfoundland Liquor Corporation.

MR. DOODY: We are doing that already.

MR. NEARY: It should be charged against the procurers in this case, Sir -

MR. DOODY: Would that include wine?

MR. NEARY: - which is the Board of Liquor Control.

MR. SMALLWOOD: Not on Bristol Cream sherry, surely!

MR. J. CARTER: Ah ha! You rubbed a nerve there.

MR. NEARY: As I say, Sir, as the rates go up, caused by the government's peddling the booze, selling the liquor, the more money the minister will collect and his ten per cent.

MR. DOODY: Has the hon. member given any thought to this new powdered boozed concept that has surfaced recently?

MR. SMALLWOOD: You can carry a couple of gallons in your vest pocket.

MR. DOODY: That is right. You can just take a sniff every day, you know.

MR. NEARY: And, Mr. Chairman, what do they need the \$2.8 million for? They need it for more foolishness, extravagance and waste and foolishness like the Norma and Gladys affair.

MR. DOODY: Here we go again, another cruise.

MR. NEARY: \$300,000 of that is going to be spent on the Norma and Gladys to try to justify the blunder and the booboo and the mistake that they made last year in sending her on a cruise of the North Atlantic that cost God only knows how much. We have not been able to find out. Probably close to \$2 million. We have not been able to get that information from the Minister of Tourism.

MR. NEARY: But, Mr. Chairman, what I am afraid of in this whole matter of the scandals that are being bandied about these days, what I am scared of, Sir, is that some poor little civil servant is going to pay the supreme sacrifice and that the real culprits will get away scot-free. And that is why I would like to see a police investigation into this whole matter, so that nobody, nobody, Sir, will escape, not even the hon. gentleman from St. John's North (Mr. J. Carter).

MR. DOODY: The great savoury scandal.

MR. NEARY: We have not had a savoury scandal in this Province yet. It is a wonder we have not. But if they keep running the administration in a sloppy, unbusinesslike way that they are running it that could happen to. Anything could happen.

MR. J. CARTER: Unsavoury characters.

MR. NEARY: But, Mr. Chairman, I am not satisfied to vote for this bill, to let it go through, until we have an assurance from the minister. The whole trouble, Mr. Chairman, with this House and with this government, with the administration, is the fact that it is leaderless. Here we are today in this House debating one of the most serious charges that has ever been made against an administration, a charge of scandal, a charge of corruption, alleged fraud, impropriety, under-the-table wheeling and dealing, skulduggery, collusion, influence peddling and you can go on and on and on, and the leader of the party is not here to defend his administration or to tell the House what action the administration is going to take, and the Minister of Justice is not in his seat.

MR. DOODY: He is at the doctor's.

MR. PECKFORD: He is at the doctor's place.

MR. NEARY: Well he must have high blood pressure then.

MR. DOODY: He will be here presently by leave.

MR. NEARY: Well, if he is getting treated for high blood pressure he better take his pill.

MR. DOODY: I think he is getting a tetanus shot to protect him from the poisons.

MR. NEARY: The hon. gentleman had better take his pills before he comes into the House this afternoon because he is likely to burst a blood vessel before the afternoon is over. Because we have no intention, at least I do not, of giving up on this until we get a commitment from the government that this matter is not going to be swept under the rug like we have seen done with the fisheries scandal, with the Scrivener scandal, and with the Affiliated Marine Metal scandal.

MR. DOODY: He gets carried away.

MR. NEARY: No, I am not getting carried away, Mr. Chairman, I do not like, Sir, people to make a joke out of this when the hon. gentleman, the member for Burgeo - Bay d'Espoir this morning said that he thought there was \$15 million or \$20 million involved.

MR. SIMMONS: Over three years.

MR. NEARY: Over a three year period and I had said prior to that that there may be \$20 million involved but now, after hearing what the hon. gentleman had to say just in connection with the three year period that we are dealing with here, and taking into account the Scrivener scandal and the gear replacement scandal, and now I have to up the ante to about \$30 million. And the hon. gentlemen get up and just brush that off,

MR. NEARY: shrug it off, joke about it, \$30 million of the taxpayers' money stolen or given away, chiselled out of the public treasury one way or another. And they just joke about it, shrug it off and say, "Well, you know, the Minister of Justice and the Premier may be in their seats tomorrow. We may get a decision in a day or two." Well, Sir, that kind of an answer is not good enough; a telephone call to the Premier or a telephone call to the Minister of Justice could get us the answer. We do not know today who is speaking for the administration. I can only assume after what the Minister of Finance said that after his consultation with the Minister of Public Works during lunch time that the minister is speaking for the administration. I am not quite sure. Perhaps the minister could nod his approval.

MR. DOODY: Any minister who speaks in the House speaks for the administration.

MR. NEARY: Well then, Sir, if the minister is speaking for the administration the minister should make a commitment to this House that it is not just merely going to be confined to an internal investigation in the Department of Public Works. The minister should make a commitment to the House that there will be a police investigation.

AN HON. MEMBER: How can the minister do that?

MR. NEARY: How can the minister do that? By getting up and making his commitment. Mr. Chairman, I do not know if the hon. gentleman was in the House when a number of enquiries were appointed in this Province. I can think of the one on Bell Island. The charges of under-the-table wheeling and dealing, and skulduggery and kick-backs was made by an hon. gentleman one day and the next day I came into this House and asked for a judicial enquiry and got it right off the bat.

One day the Leader of the Opposition told the House that the Premier had got a coloured television compliments of Mr. A.B. Walsh, the gentleman who owns these companies that are allegedly involved in these scandals; the next day, public enquiry! Here we have a far more serious situation and we have got to wait

MR. NEARY: a week, two weeks, three weeks, maybe an indefinite period and we probably will not get the enquiry at all or the police investigation. And I think it is only fair to the House and to the people of this Province, Sir, that we should be told by the spokesman, whoever the spokesman for the government is today, that there will be -

MR. ROUSSEAU: You know when the Minister of Justice, Sir, arrives here we will discuss it and we will let the House know.

MR. NEARY: Well in that case -

MR. ROUSSEAU: What else can you do? You were a minister. You know.

MR. NEARY: Well, in that case, Sir, the only fair thing to do is to hang up these tax bills until such time as we can get an assurance from the administration that these matters are going to be looked into, otherwise we are not going to give the administration more money to squander and piddle away on the taxpayers. Why should we?

Mr. Chairman, we are trying to drive home, rivet home to the administration the need to exercise economy and not be bringing in tax bills that create another hardship on the ordinary people of this Province.

MR. DOODY: There is a loan bill too, is there not?

MR. NEARY: And you know, Mr. Chairman, the Minister of Justice, the gentleman who was supposed to advise the government on whether or not an enquiry should be established, the Minister of Justice himself got honourable mention in the Auditor General's Report, the Chief Law Officer of the Crown, we are told by the Auditor General - these are not my words - on page 39, in case the hon. Minister of Finance is interested.

MR. DOODY: Just a minute now.

MR. NEARY: Questionable use of public funds. "I refer to Sub-Division 702-0201 in General Administration and Travelling.

June 6, 1977

Tape 3824 (Afternoon)

AH-3

MR. DOODY: The page number is that?

MR. NEARY: Amounts totalling in excess of \$2400 were charged to this sub-division representing travelling expenses incurred by the Special Assistant to the Minister. The details of travel as outlined in the standard government travelling claims submitted for reimbursement were to attend business in the district of Grand Bank on behalf of the MHA for the district."

Mr. Neary:

That is the Minister of Justice, Sir, that is the gentleman who is suppose to be advising the administration on whether or not we should be looking into skulduggery and improper use of the taxpayers money, and extravagance and waste. The Auditor General says, "The travelling claims were not marked as recommended for approval by the minister. The travelling claims were approved for payment by the deputy minister of the department. Detail breakdown of mileage claimed were not provided in the daily car mileage reports." And the Auditor General says "It is my opinion that only those expenses incurred by a special assistant while acting on behalf of the minister in the conduct of government business should be claimed for reimbursement in accordance with government travel rules. Accordingly", the Auditor General says, "Accordingly the payment of travelling claims relating to district business of a member of the House of Assembly represents a questionable use of public funds."

I would like to know, Mr. Chairman, what steps the Minister of Justice have taken to reimburse the public treasury for this misuse of government funds that has been pointed out by the Auditor General, not by the Opposition, not by The Evening Telegram, not by The Daily News, not by CJOH or VOCM or CBC, but by the Auditor General. It says it is a "questionable use of public funds". The Minister of Justice, the Chief Law Officer of this Province! What happens, Mr. Chairman, does Your Honour realize what happens to a welfare recipient or somebody who is an unemployment insurance, who obtains welfare or who obtain unemployment insurance through a questionable nature, in a questionable way, what happens to them, Mr. Chairman? He is taken into court. And who administers, who carries out the administration of justice in this Province to see that he is taken into court? None other than the Minister of Justice. But the minister is above the law. The minister should have to pay back this \$2,400, should pay it back to the public

Mr. Nearv:

treasury \$2,400.

I am not talking about the 1974-1975 Auditor General's report either, I am talking about the last one. That is twice now, twice in a row the hon. Minister of Justice has got honourable mention.

And, Mr. Chairman, just listen to this one, and this is the hon. crowd that are looking for more money to spend, and bringing in Tax Bills like the one we have before us. Page 42 of the Auditor General's report, Section (66), payment of social assistance without prior approval of the district welfare officer. "My 1975-1976 audit disclosed that a payment of \$750 was made for labour for house repairs on behalf of a social assistance recipient without the prior approval of the district office." Well who gave the approval? Was it a politician? Was it a minister? Who gave the approval? "Correspondence between June 1975 and January 1976 reveals that the request for payment of labour was repeatedly turned down by all officials of the department on the grounds that the expenditure was never authorized, nor indeed justified on departmental accounts. The information and the application for assistance stated that work was to be performed free of charge. However in January 1976 the district office was finally directed to pay the labour, but no adequate reason was given for the change in decision. In my opinion, says the Auditor General, "This payment was directed under highly irregular circumstances." And that is a pretty serious charge.

That, Mr. Chairman, is not the words of Mr. Wick Collins of The Evening Telegram, of The Daily News, or VOCM, or CJON, or CBC. Again it is the words of the Auditor General put in writing in his report to this House. "In my opinion this payment was directed under highly irregular circumstances. And in view of the serious objections of the departmental officials it should not have been a charge against public funds."

It would appear

MR. NEARY: to me, Mr. Chairman, that somebody in high places, either somebody in the Cabinet, the Premier or one of his ministers, or some member of the House brought a little undue pressure on the Department of Social Services and forced them to pay out this \$750.

MR. DOODY: What section is that?

MR. NEARY: That is page 42, section 66.

MR. DOODY: That is the section -

MR. NEARY: Now the minister will tell us \$750, \$2,400, \$300,000, \$600,000, \$4 million, \$6 million, \$7 million, \$8 million or \$9 million in connection with the Health Sciences Complex, treble the cost of construction of the Carbonear Hospital, another \$4 million, \$5 million or \$6 million does not amount to very much, it is all piddling amounts. Put it all together and it probably totals about \$30 million of taxpayer's money that has gone down the drain through mismanagement, through incompetence, and through chisling and cheating on the part of people in this Province who are doing business with the government.

Mr. Chairman, my hon. friend the Minister of Finance, Sir, mentioned a few moments ago that there were reports and rumours and innuendos and insinuations that there were not only public servants involved. Well I have heard these rumours.

MR. DOODY: I heard it this morning, really.

MR. NEARY: Well I heard them outside of the House and I have heard them inside of the House and that is why I say, Sir, that the investigation should not be confined to just the public service, to civil servants, to the employees of the government. Every member of this House has to be cleared of these charges and these accusations.

MR. DOODY: And every member of the public

MR. DOODY: service.

MR. NEARY: And every member fo the public service. Mr. Chairman, it must not be just a matter of the government washing its hands in the blood of the lamb, just having one person used as a guinea pig, as a scapegoat. That is why, Sir, the administration cannot just -

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: I have heard of it before but not in this connection. I have heard it.

MR. NEARY: Is that right?

The hon. gentleman is not - well he is, yes. He does read the bible.

MR. SIMMONS: It is not enough to know the Scripture, you have to know how to apply it too.

MR. NEARY: That is right. The technique is how to apply it.

MR. SMALLWOOD: But do not forget, the devil can quote the Scripture for his own purpose.

MR. NEARY: Yes, well that is probably true too. But, Mr. Chairman, the Minister of Finance now has opened up the door. We have had an admission that there may be guilt, that there may be wrongdoing, that there may be skulduggery. The minister tells us that some members of the administration are concerned, some other members may not be so concerned. Because I was talking to one gentleman during lunch time who told me that everybody was crooked, so, you know, why bother about investigating the goings on in the Department of Public Works. I was crooked, he was crooked himself, the member for Burgeo - Bay d'Espoir was crooked, the former Premier was crooked, Lundrigan is crooked, Doyle is crooked, Shaheen is crooked, they are all crooked. Vardy is crooked, everybody is a crook so why bother to look into it at all. That is the attitude this gentleman

MR. NEARY: took and the hon. members
might be surprised to learn who that gentleman was.
I thought the hon. gentleman had a conscience.

AN HON. MEMBER: He is honest.

MR. NEARY: He is honest? Well, I do not
know if he is honest or not. He may have a guilty
conscience. The hon. gentleman has not spoken in this
debate yet. Maybe I can motivate him, provoke him into
getting up and having a few words. The hon. gentleman
also said it is politics, "It is all politics, because,"
he said, "the by-elections are on." What does it have to
do with the by-elections? What does it have to do with
politics? If somebody is a crook they are a crook and
they should be brought to justice.

 Mr. Chairman, does any member
on the government side of the House think for one moment
that I am standing here today driving my blood pressure
sky-high,

MR. NEARY: using up my energy just to make politics, cheap politics. Is that what the hon. gentlemen think? Well I hope not, Sir, because I am not. I am just barely trying to get a commitment from the hon. gentleman that we will not have two laws in this Province, that we will not have a law for the rich and a law for the poor; and that nobody will be protected, the just and the unjust will be treated alike and that if somebody is guilty of wrongdoing that they will be exposed and that they will be brought to trial, they will be charged and brought to trial. We cannot have two laws in this Province. And the word is going out, it will go out before this week is over unless we can get a commitment because it seems the only way you can get the message through the media who would prefer to talk about some insignificant little matter that happened in the House, is to keep hammering at it and hammering at it and by and by they will accuse you of filibustering and in the process of accusing you of filibustering they might get the message through. It might get through. I am not filibustering. I am just trying to get a commitment from the administration that they will look into this whole matter, the scandals that have been exposed, and not sweep them under the rug as seems to be happening to the fishery gear replacement scandal.

So, Mr. Chairman, if we do not get that commitment I am not going to vote for this bill and I will probably be back to have another whack at it before the afternoon is over.

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

MR. SIMMONS: Now, Mr. Chairman, we are on Bill No. 79, the Act To Amend The Insurance Premiums Tax Act. I understand this would give us another \$2.8 million -

MR. NEARY: That is right.

MR. SIMMONS: - a yield of about \$2.8 million. Mr. Chairman, I believe few discussions in this House, few debates in this House have been more closely related to the subject at hand than the one we have had today. Some members of the House had difficulty

MR. SIMMONS: following the relevancy. But that does not at all surprise me. But we are talking about \$2.8 million additional money required and of course other tax bills make provision for other amounts. But one could ask and one has got to ask really before you can vote for this kind of thing, \$2.8 million, now what could the government do if it had this \$2.8 million that it so dearly wants here, so dearly wants it that it is prepared to ram the bill through before we even have a chance to discuss the budget at all.

We have not yet, Mr. Chairman, for the record, had any opportunity since this House opened or since the Budget came down, more correctly, on the 28th. of February, five weeks now, nearly six weeks now, we have not had a chance to discuss the budget. We have yet to be able to say our first word on the budget. Is it any wonder that a large amount of the seventy-five hours on estimates was taken up in some generality.

MR. DOODY: 28th. of April.

MR. SIMMONS: 28th. of April I meant to have said.

MR. DOODY: You are a little lost, are you not?

MR. SIMMONS: Well I might have said the wrong month but I did after say about five weeks so I was thinking of April 28th. because I said about five, nearly six weeks ago. I might have said the wrong month in quoting the date but I am aware that it was towards the end of the last month removed but one and therefore about five to six weeks ago since we have had the Budget brought down in the House, April 28th. Yes.

And in that time we have yet to be given any opportunity. We have taken it as it happened on the estimates. But that should not be. The first thing I want to say on this subject this afternoon is that I believe we demonstrated here today and in the estimates debate the need for calling the budget debate before we go into estimates and before we get into the enabling money bills. We should have the budget debate. We have a good, thorough airing of it. If the government feels the Opposition is filibustering on the

MR. SIMMONS: point obviously after a few days stop calling it and then bring in the money bills and bring in the estimates. That is another issue. But we have not yet been allowed to say our first five cents worth on the budget debate as such. And here we are now into the month of June, five weeks after a budget has been brought down, and we have yet to utter our first word officially on the budget debate.

So I say, Mr. Chairman, it is particularly appropriate that we have this chance today to look at the money being generated by this proposed new tax bill or the money that would be generated and to see how it might get spent. Well you can go to the budget - and I am aware as the minister will point out that it obviously goes into general revenue, but obviously it is needed because there are expenditures the government has to meet. Now what kind of expenditures is the government meeting? Well it is meeting a very well staffed, well-heeled Premier's Office at a cost of a half million dollars, \$524,000, over half a million dollars to pay for a staff of over twenty people down there at a cost of \$300,000 plus other expenses, \$524,000. So

MR. SIMMONS: you might say, of the \$202.8 million there goes a half million. And perhaps instead of bringing in proposals to increase taxes, what they ought to be bringing into this House, Mr. Chairman, are some proposals to trim some expenses - some unnecessary expenses.

The Premier's Office is necessary, but I doubt whether all the frills down there are necessary. And I could, I suppose, get into the Norma and Gladys expenditure - what, \$2 million, 'Steve'?

MR. NEARY: I would say so; they will not tell us that.

MR. SIMMONS: \$2 million? You know, it boggles the mind really that grown mature men would allow expenditures to run away with themselves as they have done on the Norma and Gladys. But if that were an isolated example you could excuse it. But today's example, Mr. Chairman, let us call it what it is - the A.B. Walsh example, because that is what it is clearly - the A.B. Walsh example.

We are told by the Auditor General that in the year 1975 - 1976 that company received \$1.1 million without tender. Let us suppose, as electrical contractors tell me, that a fair return on a contract is about 10 per cent net profit. 10 per cent of \$1.1 million is \$110,000 assuming the prices were fair - \$110,000.

I demonstrated the other day, Mr. Chairman, and I made reference to it this morning, some information which came to me that the hangar job at Torbay was not done at fair prices, it was done at very inflated prices, I am told as much as two to four times the price they should have cost.

So is it any wonder, Mr. Chairman, why this hon. crowd needs more money? Just to keep ahead of the Premier's Office and the Norma and Gladys and keep friends with A.B. Walsh they have to find the \$2.8 million. A.B. Walsh cost them in that last year, 1975 to 1976 - 10 per cent, Mr. Chairman, of \$1.1 million is \$100,000, and then cost them because of inflated prices I would say anywhere from another half to three-quarters of a million dollars. They need \$1 million a year just to keep ahead of A.B. Walsh, Mr. Chairman. So is it any wonder that we are

MR. SIMMONS: here debating how to find another \$2.8 million on insurance premiums at the expense of the poor fellow who has to pay those premiums? Is it any wonder when we have a Premier's Office with so many frills, that silly Norma and Gladys thing, and that utterly ridiculous A.B. Walsh thing. Any wonder, Mr. Chairman?

And then to add insult to injury, just as we try and get our minds on the subject of this Bill No. 79, there comes to our attention Bill No. 70. The poor fellow. They should pay the page, Mr. Chairman, by the mile. They should pay him by the mile because he has walked more today - I never figured out why they had to give out those bills one at a time. I do not know why they cannot sit down in the office and collate them and put fifty or sixty - but the poor fellow today has brought around easily, thirty-five or forty bills one at a time. I do not know why they do not let him sit in the office and give him a desk and let him collate them, and then come out and bring them out thirty at a time. But anyway, Mr. Chairman, I would say to him, you know, you should insist he be paid by the mile because he has walked a lot of miles today. And my congratulations to him. He is still holding up. He had a brief falter just now, but he survived. But I say to him, he may not survive because there are more bills to come. The government thinks this is the last week of the session so they are piling it on now. They are wanting to intimidate us and they were laughing last week when we had sunshine outside and we were all itching to get out of here, but who wants to go out in that, Mr. Chairman? Who wants to go out in that fog where you have to have somebody just lead you around if you do not know St. John's just to know where you are going in here? Who wants to go out in that? I would rather be here discussing tax bills any day of the week. So they are coming. There are lots more. You will have to take a spell, I say to the page, while he can, because they have more bills yet, more of them yet.

Bill No. 70 - to add insult to injury, another resolution, Mr. Chairman. As soon as we can get this rammed through, another resolution. A resolution to be submitted to a Committee of the Whole House in relation to the raising of loans by the Province, and a resolution that it is expedient to bring in a measure to authorize the raising from

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MR. SIMMONS: time to time by way of loan on the credit
of the Province, the sum of \$150 million -

MR. PECKFORD: On a point of order.

MR. SIMMONS: - \$150 million.

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

MR. NEARY : The constitutional expert is up again.

MR. PECKFORD: A point of order, Mr. Chairman. I am trying to set the point that the hon. member for Burgeo-Bay d'Espoir (Mr. Simons) is making.

MR. SIMMONS: Just reading, boy!

MR. PECKFORD: He is reading from another bill -

MR. SIMMONS: Just listen and you will get it.

MR. PECKFORD: - which does not seem to me to have that much relevance to the principle of the bill under discussion, number one. And number two, his whole argument in the last three or four minutes has been on the number of bills that the government is bringing before the House in the last few days. And the principle of how many bills the government brings or does not bring before the House does not seem to be - I cannot find that close connection between that, the principle of the government bringing bills or not bringing bills before the House near the end or near the alleged end of the session, and the principle of the bill under discussion which has to do with the increase in Insurance Premiums Tax Act.

MR. SIMMONS: To the point of order, Mr. Chairman. I do not know what the minister is up to. I suppose, he seriously has a point of

order. I will assume he does have a serious point of order.

He probably believes he does.

Mr. Chairman, I was making a passing reference to a bill.

MR. PECKFORD: A passing reference.

MR. SIMMONS: I was about, Mr. Chairman, in a moment in relation to Bill No. 70 to raise the matter of how the government would pay for the interest and the sinking fund brought into play by this loan. I believe that is germane to the overall question of whether or not the government should be voted additional tax powers. And I submit that it is very germane, and it was in that spirit I was doing it. I would also say in response to the minister, though I do not think it is related to the point of order, that we are not at this point discussing the principle of Bill 79.

MR. PECKFORD: No, well -

MR. SIMMONS: We are not discussing the principle, we are allowed to discuss in some detail in Committee the matter of Bill 79, so I will not be restricted, or I do not think I should be unless Mr. Chairman directs me otherwise, at this stage to confine myself to the principle of Bill 79.

MR. NEARY: The minister has not won a point yet.

MR. CHAIRMAN: The Committee is having, and quite correctly so, I believe, a broad ranging debate on the matter of the resolution because this, in essence, is allowing discussion of the principle of the bill. So the discussion is a broad ranging debate. I think the point of order raised is a matter of interpretation. I think the passing reference to another bill is in order, but it would not be in order to get into any detailed discussion of another bill. I think when the hon. member actually reads another bill it is very close to exceeding the limit of a passing reference to it. So I would ask the hon. member to bear that in mind.

MR. SIMMONS: Thank you, Mr. Chairman.

The government is going to put before this House a bill to raise - a resolution to raise \$150 million. Now somewhere they have got to find the money, Mr. Chairman, to pay off the interest, interest on \$150 million at 10 per cent would be \$15 million, at 12 per cent would be \$18 million. So depending on whether we get a good rate or not so good rate, we are going to be having to find somewhere between \$15 million and \$18 million a year for that particular, or those particular loans, totalling that amount of money.

The sinking fund -

MR. SMALLWOOD: That would include the sinking fund.

MR. SIMMONS: Yes, yes, including the sinking fund, but just to separate out the sinking fund in respect to that amount of money, about, say, 2 per cent, you are still talking something of the order of \$3 million to finance the sinking fund, to meet the sinking fund requirements on this particular loan or series of loans, \$3 million.

MR. SIMMONS:

In other words, Mr. Chairman, the money, the loan represented by Bill 70 is going to have sinking fund requirements of the order of \$3 million which in turn is of the order of what we are being asked to vote for here on this Tax Bill, this Bill No. 79. We will get a yield of about \$2.8 million it is projected on this. What for? To pay off - to meet some ongoing commitments or what will be ongoing commitments on a loan, to pay for a well heeled Premier's Office, to pay for that silly Norma and Gladys, to pay for this A.B. Walsh fiasco we have been involved in for some time now, and which has come to light in the past few days?

Mr. Chairman, where does it all end? The public want to know some answers, Mr. Chairman, before we can agree to this tax bill going through. They are not getting the answers. They are just not getting the answers.

I have had in my possession for a month or so a letter from a person who is concerned about what is going on in terms of government spending. He says in part that he has some information which he would like for me to investigate. This letter was received in my office on the 4th. of April. The person used some figures in the letter which I was able to check out. And I therefore know that

MR. SIMMONS: the letter is quite authentic although the person is obliged to say in the final paragraph, "Sorry, I cannot sign my name. I would be out of a job."

Now, Mr. Chairman, that is the kind of - I am wanting to respond in part to what the Minister of Finance has said earlier this afternoon, when I said this morning that careers were conceivably at stake, in two ways, but the way I am concerned about, I am talking about the innocent people, the people who are getting concerned about, that they see going on around them, the work that is going on in various buildings without any particular request. And they are saying to themselves, How long can I just sit here and ignore this and turn the other way and pretend I do not see it. Some of them are coming forward. Now that particular letter is unsigned, but if it were not for breaking confidences I could give you the names of people who have signed letters and of people who have talked to me personally in telephone conversations, and the essence of what they are saying really is an expression of concern for what they see going on in terms of the expenditure of public money and in particular in respect to this A.B. Walsh issue or let me call it a little more generally, this A, B, C issue as identified in the Auditor General's report.

Mr. Chairman, I got for a moment - here we are, this morning I began talking about the A.B. Walsh firm - a couple of bits of information that I did not give the committee which I think are important. The principal in the A.B. Walsh firms of course is Mr. Alex Walsh, and who is this Mr. Walsh, who is he? Is he an industrialist of some long standing, an entrepreneur who has been with us for many, many years? Who is he? Some man of high profile in the business community of this Province? Is he a businessman of some long standing?

The fact is, Mr. Chairman, 1952-1971 for twenty years he was

MR. SIMMONS: an electrical employee of the Federal Department of Public Works. But then came 1972, Mr. Chairman, The year started off fairly well with the assumption of office by the Tory government on January 19, 1972. That Spring A.B. Walsh went into business and since then he has done very well for himself. Now he has got five companies all going, the first one having started in the Spring of 1972 and the second one in June 1972 and so on from there.

Here is, Mr. Chairman, a gentleman who had no particular business expertise, he certainly has the expertise of an electrician because that was his trade but he had no particular business expertise. And I want to relate this to the issue that we keep hearing from the Minister of Public Works and heard in his statement of March 10th that the government is particularly careful in drawing up its list of people it invites, particularly careful that the companies concerned have a reputation, have a track record in the field, have known reputations for doing good work.

And we are back to the old bind, Mr. Chairman, of how the fellow with no experience can get it.

MR. ROUSSEAU: On that the people who have done good work will be back with us.

MR. SIMMONS: Well, that is another side of it that obviously you can give a fellow a try if he does reasonable good work. And I might say in relation to what I saw of the A.B. Walsh work at the Torbay Airport, as a layman, not an electrician, it looked a beautiful job, it looked good. And take that for what it is worth. It might be a sloppy job, I do not know, but it looked like a nice, neat, tidy job. And I heard no complaints, at no time have I heard any complaints about the nature of the workmanship, I have heard no complaints about that issue at all. So the department may be well advised in terms of retaining this firm insofar

MR. SIMMONS:

as their performance capability is concerned. But it does make one wonder, Mr. Chairman, that an outfit that was not even in business at the time this government took office suddenly mushrooms and suddenly, Mr. Chairman, not only does a large volume of work with the government but

MR. SIMMONS: are told from a business report that a substantial volume of the work of the Walsh Company and two other related companies is provincial government work. Now let me identify the two related companies which I believe the Committee is familiar with already. A.B. Walsh Limited, the electric company, Metro Engineering Construction, the general construction company, and Stares Mechanical, and Mr. Walsh is a principle in all three. He is president of two -

AN HON. MEMBER: What is that name?

MR. SIMMONS: Stare.S-t-a-r-e, Stares Mechanical.

AN HON. MEMBER: What?

MR. SIMMONS: Stares, with an "s".

MR. NEARY: S-t-a-r-e-s is it?

MR. SIMMONS: Yes, that is right. John Stares is the president and Mr. Walsh is the Vice-President. He is the president of the other two company, Metro and A. B. Walsh and I am told from a business report, and I quote from the report, "Please note that ninety per cent of the volume of all three companies is provincial government work." Ninety per cent of the volume of all three companies is provincial government work.

MR. NEARY: Nobody else would touch them with a barge pole.

MR. SIMMONS: Now, Mr. Chairman, I could see this government doing a fair amount of business with one or two or three firms and I could see the government business constituting five or ten or fifteen per cent or in an extraordinary year, because of some extraordinary circumstances, I could see it approximately twenty per cent. But I put it to anybody in this House who has been in business in any form, when one client represents ninety per cent of all your dollar volume, that is an unusual set of circumstances, an unusual set of circumstances.

Ninety per cent of the volume of business done by A.B. Walsh Limited is done with the provincial government.

MR. NEARY: Obviously somebody is pushing it out to them.

MR. SIMMONS: Ninety per cent -

MR. MURPHY: If the hon. member has a copy I would like to have a look at it if I may.

MR. SIMMONS: Well, no, Mr. Chairman,

MR. MURPHY: You know you have read it so I presume you are finished with it.

MR. SIMMONS: No. No. I hope I did not read as such. I was -

MR. MURPHY: Well I mean it being -

MR. SIMMONS: No. No. No. I was paraphrasing because this -

MR. MURPHY: No, it has become a part of the House, you referred to reports which must be proven.

MR. SIMMONS: No, Mr. Chairman, I did not.

MR. MURPHY: I would like to see them.

MR. SIMMONS: No, Mr. Chairman. No, Mr. Chairman.

MR. MURPHY: I would like to see it quite frankly. I am as much a part of the House as anybody else. You cannot bring things into the House and not table them. One of the prime rules -

MR. SIMMONS: Mr. Chairman.

MR. CHAIRMAN: Order, please!

MR. SIMMONS: If the minister has a point of order well and good, Mr. Chairman, otherwise I have avoided like the plague all day in this Committee reading as such. I have paraphrased fairly closely to convey the message because as soon as you paraphrase too loosely you may choose the wrong interpretation. So I have paraphrased fairly closely but I have not quoted verbatim from the report. I have told you where the report came from. I am sure the minister can get the report. It is my understanding from the report that ninety per cent -

MR. MURPHY: A point of order, Mr. Speaker

MR. SIMMONS: - of the volume of these three companies is provincial government work.

MR. CHAIRMAN: Order, please! A point of order has been raised.

MR. MURPHY: My only point is, Sir, when the hon. gentleman said, "I have a report, a business report dealing with -" and he named them.

MR. SIMMONS: That is right.

MR. MURPHY: This will appear in Hansard. He has a report. If you want the wording, there is no trouble to get it. We will get the reading. But he has got a report and if he has got a report the law says, the rules of the House say that it must be tabled. That is all. He referred to a document. Whether he paraphrased it or read every word and included the -

MR. SIMMONS: Do not be so foolish. I am sorry. Go ahead.

MR. MURPHY: Okay Stanley, carry on.

MR. NEARY: Table the report on (inaudible). Give us the report on Affiliated Marine Metals.

AN HON. MEMBER: To the point of order.

MR. MURPHY: I did not mention any report on it. I would be too happy to give the gentleman a report, too happy.

MR. STRACHAN: My colleague had some information which he paraphrased.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. STRACHAN: My colleague had some information which he looked at and wanted to be accurate enough in looking at it but did not actually read it. He did not read it word for word or go through it. He wanted to just keep check on what he was stating was exactly the correct thing. But there was no point of order. He did not read from it, therefore it should not be tabled.

MR. SIMMONS: To the point of order, Mr. Chairman. The minister has said that if I have a report I should table it. Well I have here, Mr. Chairman, a white paper on draft regulations. I have it. I am not going to read from it. Do you want me to table that too? How foolish, Mr. Chairman! I have all kinds of reports in my possession. Because I have them does not mean I have to table them all and I have referred to a particular report, a Dun and

MR. SIMMONS: Bradstreet report. The minister has also indicated to the Committee that he can get a copy of that report. I would ask him to not only show it to the member for St. John's Centre (Mr. Murphy) but also to read it to him.

MR. STRACHAN: The Minister of Mines and Energy -

MR. SIMMONS: And in the meantime I have not violated any rule of this Committee. I have not read from this document and therefore I am not required to table it.

AN HON. MEMBER: The minister read directly from the report.

MR. STRACHAN: The minister read directly. He did not table it.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Mr. (chairman, if I may continue?

MR. CHAIRMAN: I would like to discuss that point of order. I guess I will just adjourn for a few minutes to make the ruling.

MR. CHAIRMAN: I am now in a position to make a ruling on the point of order raised by the hon. the Minister of Consumer Affairs. I would like to say in the presence of the House that a document that is cited or quoted must be tabled and I quote from Beauchesne, page 135, starting at clause 159 paragraph 4, "The point of order was well taken, and that papers cited by the hon. members for Essex and Northumberland should be placed in the possession of the House.

And (5) "The point of order, that a member shall lay on the table a document which he quotes, should be taken when reference is made to the document." As I stated before this is a precedent in this hon. House and I will therefore ask the hon. member to table the documents.

MR. SIMMONS: Mr. Chairman, I wonder would Mr. Chairman just repeat the essence of the ruling because I did not quite understand it.

MR. CHAIRMAN: Yes, I will quote Beauchesne on page 135, "That the point of order was well taken, and that the papers cited by the hon. member for Essex and Northumberland should be placed in the possession of the House."

And (5) "The point of order, that a member shall lay on the table a document which he quotes, should be taken when reference is made to the document." I may add that the precedent of this House is that documents that are cited or quoted must be tabled. I would like probably to go a little bit further, in a ruling from the Speaker recently in this House, I think the member for LaPoile (Mr. Neary) had to table a document and therefore this is the ruling.

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

AN HON. MEMBER: Wait for the ruling.

MR. NEARY: No, the Chairman has ruled.

The Chairman has finished his ruling?

MR. CHAIRMAN (YOUNG): No. I request the hon. the member for Burgeo - Bay d'Espoir to table the documents.

MR. SIMMONS: Mr. Chairman, first of all-

MR. NEARY: Mr. Chairman, one a point of order.

MR. CHAIRMAN: That point of order has been disposed of. This is a new point of order.

MR. NEARY: A new point of order, yes, Sir. Your Honour was quoting from Beauchesne and I am sure that there are other sections of that particular quotation that are in that section that Your Honour could have gone on and quoted. The other day we had an example in the House when the Minister of Mines and Energy refused to table a document because it was not in the public interest to do so.

MR. CHAIRMAN: That is not a point of order, That is referring back and that order was ruled on. I could have quoted something there, that is why I started on the 159(4) section.

MR. NEARY: Is Your Honour going to carry on with the section?

MR. CHAIRMAN: I made my ruling.

MR. SIMMONS: On a point of order, Mr. Chairman. The reason I requested the ruling be repeated is because nowhere, either the first time or the second time, did I hear Mr. Chairman rule that I had quoted. I submit, Mr. Chairman, I did not quote from the document. I realize the background for the ruling which Mr. Chairman gave, but nowhere did he rule that I had quoted from the document and he is right in that because I did not quote from it.

MR. MARSHALL: On a point of privilege,

MR. MARSHALL: Mr. Chairman, on a point of privilege. Now who is running the House of Assembly, the Chair or the House of Assembly? The fact of the matter is, Mr. Chairman -

AN HON. MEMBER: 'Bill Marshall'.

MR. NEARY: (Inaudible)

MR. MARSHALL: I am speaking on a point of privilege, Mr. Chairman. Your Honour has made a ruling that that document should be tabled. It is a point of privilege of the House that the hon. members there are really debating Your Honour's ruling and this is the reason why the House gets out of order. Now, Your Honour, you have made a ruling.

MR. NEARY: Sit down boy!

MR. MARSHALL: A ruling has been made and the hon. member should comply with the ruling or else, if he wants to be in flagrant violation of the rulings of the House, he can take the consequences.

MR. NEARY: Do not be so foolish boy!

MR. SIMMONS: To the point of privilege.

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

MR. SIMMONS: To the point of privilege.

MR. CHAIRMAN (YOUNG): Order, please! I will rule on the point of privilege.

SOME HON. MEMBERS: The member can speak to the point of privilege.

MR. CHAIRMAN: Order, please! I want to rule on the point of privilege now.

SOME HON. MEMBERS: A member is entitled to put forward his argument to a point of privilege.

MR. CHAIRMAN (YOUNG): I will hear your argument.

MR. SIMMONS: Thank you, Mr. Chairman. I am sorry that the member for St. John's East (Mr. Marshall) so badly misconstrued or misunderstood my intent here. I wanted, first of all, some clarification on the ruling.

MR. SIMMONS: I would think that is my right as a member of this House. I will do, Mr. Chairman, whatever I am instructed to do within the rules of this House. I was strictly asking

Mr. Simmons:

for some clarification. That is all. And I believe that is my right, and I will not have my rights abrogated by the sometimes member for St. John's East (Mr. Marshall), I just will not have it done, Mr. Chairman.

MR. CHAIRMAN (MR. YOUNG): Order, please! Just to clarify the point of privilege.

MR. NEARY: On that point of personal privilege. Your Honour, I believe my hon. friend here is perfectly within his right, Sir, and the hon. gentleman is not right in raising a point of privilege at this time.

Because the other day, Your Honour not Your Honour; Your Honour was not in the Chair, but the Speaker made a ruling that if a matter is considered not to be in the public interest then the document does not have to be tabled. So I think this is -

MR. CHAIRMAN: (Mr. Young): Order, please!

MR. NEARY: - the point that should be clarified at this stage.

MR. CHAIRMAN (MR. YOUNG): But that is only by a minister, I could have quoted that, but that did not apply to this case. It is only by a minister of the Crown. And when I made my ruling I did say that it was either cited or quoted. And I presume before we go any further that the documents be tabled.

MR. SIMMONS: On a matter affecting the privileges of the House, Mr. Chairman. Mr. Chairman, it might take a minute or so to lay out, so I ask hon. members to hear me out, the matter affecting the privileges of the House, Mr. Chairman. The document I used is a document that it would not be in the public interest to make public. Mr. Chairman, -

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Mr. Chairman, -

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

MR. SIMMONS: Mr. Chairman, then may I speak to a point of privilege?

AN HON. MEMBER: You got walloped!

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

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: I am speaking to a point of privilege, Mr. Chairman, and certainly goodness I am allowed that right.

MR. MURPHY: But that is all you can do.

MR. SIMMONS: Mr. Chairman, I am speaking to a point of privilege -

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

MR. NEARY: Be quiet Affiliated Marine Metals.

MR. SIMMONS: Mr. Chairman, -

MR. MURPHY: Listen to blabber mouth.

MR. NEARY: Old Andy's buddy.

MR. MURPHY: To campaign for him before -

MR. NEARY: Andy Davidson's buddy.

MR. MURPHY: - campaign for him.

MR. CHAIRMAN: Order, please! I have made my ruling, and if the hon. member -

MR. NEARY: Three million dollars -

MR. CHAIRMAN (MR. YOUNG): Order, please! Would you be seated, please. I have made my ruling and if the hon. member for Burgeo-Bay d'Espoir (Mr. Simmons) wishes to appeal my ruling he has a route to go.

MR. SIMMONS: I have no desire to appeal Mr. Chairman's ruling. I would like to rise on a matter affecting the privileges of the House, and I believe that is my privilege as a member of this Committee. May I do so?

MR. CHAIRMAN (MR. YOUNG): I will hear your argument. Yes, I will hear your argument.

MR. SIMMONS: Mr. Chairman, as background a few days ago a minister of the Crown said that he had information which it was not in the best interest of the public to table. I submit, Mr. Chairman, I submit that any person, whether a minister or a private individual may at anytime

Mr. Simmons:

have in his possession private information which it may not be in the best interest of the public to divulge. I have such information here in this document. And I would say to Mr. Chairman before insisting that the instruction be obeyed, which I will gladly do, that the information I have here is not in the best interest of the public to divulge it, and in that light, Mr. Chairman, I believe it would be affecting the privileges of the House that we were obliged arbitrarily to conform to a rule, if we were obliged to table information which could have repercussions. And for that reason I ask, Mr. Chairman, I am not appealing his ruling, but I ask him to take under advisement, into consideration, a matter I have just put before him before he instructs me to table the information.

MR. PECKFORD: To the point of privilege, Mr. Chairman. The hon. member for Burgeo-Bay d'Espoir (Mr. Simmons) indicated when he got up on his privileges of the House, a point of privilege of the House, that he was not appealing Your Chairman's ruling.

MR. SIMMONS: And I am not.

MR. PECKFORD: Now he uses the guise -

MR. SIMMONS: I am not.

MR. PECKFORD: - of a privilege of the House to do just that.

And I would say that there is no privilege been established by the hon. member for Burgeo-Bay d'Espoir, Absolutely none! He has quoted no reference to indicate same, and it is completely and absolutely out of order and he should be requested to table like you had indicated.

MR. SIMMONS: Very quickly, Mr. Chairman, -

AN HON. MEMBER: Sure he should.

MR. SIMMONS: - let me say, I am not anxious to get into a debate with the member for Green Bay (Mr. Peckford). I have no guises here. I very coolly, calmly inform Mr. Chairman of a set of circumstances. I asked him to take them under advisement. If he finds that he must require me to table, I shall do so. I shall do so.

The repercussions, Mr. Chairman, I may say will not be unfavourable for me, not for me at all, so I have no personal fear in this. But

Mr. Simmons:

I have just advised Mr. Chairman, if he wants to enforce his ruling, I shall, of course, abide by it and table the document. I felt obliged to rise and give the information, and I am not wanting to get into any protracted argument on the subject or skirt the ruling or otherwise appeal it.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: (MR. YOUNG): Order, please! I made my ruling concerning the table of the document, and unfortunately we have not got that quote there that is in May, concerning the minister. We did discuss that. And I made my ruling and I feel it is not a point of personal privilege, and I demand that the document be tabled, and if you want some other recourse you must vote for that.

MR. SIMMONS: Mr. Chairman, again I want to make it clear that I have no qualms at all about tabling the document. None whatsoever. None whatsoever. Absolutely none.

SOME HON. MEMBERS: Hear, hear!

Mr. Simmons:

Mr. Chairman, I would like to rise on a matter affecting the privileges of the House. A few days ago the Minister of Mines and Energy -

MR. NEARY: Mr. Chairman, a point of privilege of the House. You do not deliver documents to a minister, it is delivered to the Clerk.

MR. MURPHY: Hear, hear! Carried unanimously!

MR. NEARY: You are not the Premier yet, you know, -

MR. MURPHY: All in favour say Boo!

MR. NEARY: - or the Speaker, just Mullaly's buddy.

MR. SIMMONS: Mr. Chairman, now a matter I believe affecting the privileges of the House. Some days ago, Mr. Chairman, the Minister of Mines and Energy withheld information under a ruling which now has been overturned. I have just been required, Mr. Chairman, I have just been required to table documents. I have done so. And I believe now the Minister of Mines and Energy ought to be instructed by the Chair -

MR. CHAIRMAN: Order, please!

MR. SIMMONS: - to table the document -

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

MR. SIMMONS: - which he refused to table earlier.

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

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN (MR. YOUNG): Order, please! I believe the hon. member for Burgeo-Bay d'Espoir (Mr. Simmons) is questioning my ruling. I told the hon. member that he had ways to appeal my ruling. I feel the hon. member is questioning my ruling.

MR. SIMMONS: No way!

MR. MURPHY: Oh, oh!

MR. CHAIRMAN (MR. YOUNG): Pardon?

MR. MURPHY: Carry on with your ruling.

MR. CHAIRMAN (MR. YOUNG): Yes, and I would advise the hon. member to carry on his speech.

MR. SIMMONS: Mr. Chairman, I want to make it clear that I am in no way appealing the ruling. I have conformed, I have acceded to the ruling, I have acted on the ruling. The documents are on the table. They are only on the table because my wily colleague for LaPoile (Mr. Neary) caught the member for St. John's Centre (Mr. Murphy) trying to get his hands on them, but they are on the table, and they are now about to be photo copied.

AN HON. MEMBER: Closure!

MR. SIMMONS: No, I do not think that is closure at all.

MR. MURPHY: Anything that is tabled, the member has a right to read it, Stanley.

MR. SIMMONS: Okay. Who is this Stanley? Who is this Stanley?

MR. MURPHY: Stanley Knowles, the expert.

MR. SIMMONS: Oh, now then.

MR. RIDEOUT: That is nice, to be associated with him.

MR. SIMMONS: Pardon?

MR. MURPHY: A compliment, really.

MR. SIMMONS: The member for St. John's Centre will never be called Stanley Knowles.

SOME HON. MEMBERS: Oh, oh!

MR. MURPHY: I never rose to a point of order in my life, I do not think.

MR. SIMMONS: Mr. Chairman, -

MR. MURPHY: Now would you not like to sit down?

MR. SIMMONS: Yes, well. We have to find, without appealing, we have to find a way to get the documents that the minister refused to table and we shall find a way or else we have two kinds of rules in this Committee, two kinds of rules.

SOME HON. MEMBERS: Oh! Oh!

MR. CHAIRMAN (MR. YOUNG) Order, please! I would ask the hon. member to refrain from referring to my ruling.

MR. SIMMONS: Thank you, Mr. Chairman. I shall refrain from referring to the ruling.

Mr. Simmons:

I would like to get back to the point I was when we got into this hassle about the document, where somehow somebody felt in this Committee I had something to hide. Well on this matter, Mr. Chairman, I have absolutely nothing at all to hide. And now let me tell you what that document says now that you are so anxious to get it. It says, Mr. Chairman, that 90 per cent of the volume of three companies, A. B. Walsh, Stares Mechanical and Metro Engineering and Construction, all three companies which have as their principal Alex B. Walsh, all three of these companies together get 90 per cent of their business from the provincial government.

MR. FLIGHT: What?

MR. SIMMONS: Now, Mr. Chairman, if they are so anxious to have the information let them absorb it, and then let them explain it.

MR. NEARY: Oh, oh! Let them have it!

MR. SIMMONS: Let them explain it.

SOME HON. MEMBERS: Hear, hear!

MR. SIMMONS: Let us tell it -

MR. NEARY: Somebody on the inside shoveling it out to them.

MR. SIMMONS: - let us find out why it is that we have such an unusual set of circumstances, They are so anxious to get the document now let them talk their way out of the document if they can, Mr. Chairman.

AN HON. MEMBER: 90 per cent.

MR. SIMMONS: 90 per cent. Ninety cents out of every dollar that firm takes in, and I am not talking about profit, I am talking about gross earnings. Ninety per cent. Ninety cents of every dollar gross revenue that comes into that company comes from its business with the provincial government.

MR. RIDEOUT: If the government goes bankrupt -

MR. SIMMONS: Now what kind of a racket is this, Mr. Chairman?

What have we got on our hands? Have we a government of the people, or have we got an organized racket, what is it?

MR. MCNEIL: No tenders.

MR. SIMMONS: No tenders! Do not be so naive.

My friend from Stephenville (Mr. McNeil), he is not a naive person, but he said something that could be interpreted as being naive except I know the difference about him. Not a tender. This crowd does not believe in tenders. They write beautiful laws called Public Tender Acts.

MR. RIDEOUT: The member for St. John's East (Mr. Marshall) does not.

AN HON. MEMBER: Work orders.

MR. SIMMONS: But then they go to the \$100 work order to do their business. That is their idea of tenders, Mr. Chairman. Imagine one job \$616,885, 204 work orders. What do you need a tender when you got a situation that good going for you, all to one company .

AN HON. MEMBER: A blank cheque.

MR. SIMMONS: - A. B. Walsh.

Mr. Chairman, I only have three or four minutes. Let me respond very quickly to what I thought was a very reasonable approach taken by the Minister of Finance early this afternoon in Committee, and I had a note or two because I wanted to respond - here we are - I wanted to respond to him.

I understand that the Premier of the Province and the Minister of Justice has business which takes them out of this House at this particular time. I said earlier today that

MR. SIMMONS: I would stay with this bill so far as I was able until some indication had been given that the government was interested in setting up an enquiry or a police investigation. But I do not want particularly to be unreasonable on this I want to get to the root of the matter so I would suggest a course of action which I would like the Minister of Finance to take under advisement, and the Minister of Public Works. We have other money bills here. I am prepared to see this one go through tonight, I am not going to vote for it, I am not going to vote for the tax increase but if it has to go through to expedite the business of the House that is fine and there are other bills.

In the meantime, the Premier and the Minister of Justice will get back and they will have a chance to confer with their colleagues so hopefully by Wednesday or Thursday morning they will have some idea. Now Wednesday is Private Members' Day, so there is tomorrow, tomorrow night, we can do a fair amount of business in that time but we have a lot of bills on the order paper. I would say to the Minister of Finance if he will leave one of the money bills without taking them all through committee, if he will leave just one until we have some answers, some response from the administration on this particular item I would be quite prepared as a member of this committee, and I think I speak for my colleagues, to allow the other to go through fairly expeditiously. We want to debate them somewhat, Mr. Chairman, but we at the same time would like to have some answer on this entire A.B. Walsh issue. It is bigger than A.B. Walsh, and I should not be using that name as frequently because the overall concern I have is the spending practices of the department and it is bigger than A.B. Walsh, I assure you. It is bigger than that company and it affects, I believe, other companies.

I would like to have that issue dealt with by the administration. The House may well close Friday and we may not be here for many months, and I believe it is important to

MR. SIMMONS: the proper management of public monies that we know as legislators what the government intends to do to come to grips with this very sloppy practice, to say the least just to be kind.

So I would say to the minister without appearing to be holding it at ransom or that kind of nonsense, I would suggest to him that if he has got at the end some agenda to keep, if he wants to get some of his bills through committee, we are not averse to his doing that but I would like to have from the administration some firm answer as to what the proposal is before we let the final money bill go through committee.

Now I try that on him for size. I am concerned about the issue. I think I have stated my concern at some length today and I can understand that the Premier and the minister are temporarily out of the House and therefore these with the Minister of Public Works and the Minister of Finance and others who may be affected cannot consult each other in person at the earliest until Tuesday night and probably Wednesday. We understand that. We think we have made our point and as long as we can get some fairly immediate feedback, and I think the minister is to be commended for the fairly immediate feedback he gave us at three o'clock this afternoon in response. I think he has demonstrated a concern for this issue and I admire him for that. Now if he can get some definite feedback in terms of what the government is going to do about it by, say, Thursday then I would be - I would not be happy, but I would be content that at least the thing was on track.

MR. CHAIRMAN: Hon. member for Fortune-Hermitage.

MR. J. WINSOR: Thank you, Mr. Chairman. If the minister would like to respond to the previous speakers I would yield, but I assume you are not closing this debate anyway.

MR. SIMMONS: They cannot close the debate.

MR. J. WINSOR: You cannot close it.

MR. DOODY: Everybody has the right to speak. I appreciate the gesture by the hon. member from Fortune-Hermitage. The comments made for the conclusion of his remarks by the member for Burgeo Bay d'Espoir are I think in a far more reasonable vein than those of the member for LaPoile although they are probably intended in the same spirit. They are not holding the government to ransom, as it were, they are simply asking that the government make a commitment

MR. DOODY: that the situation will be looked into before all the money bills are passed in the House in this session. That is a commitment that government has absolutely no hesitation in making. As a matter of fact, since the Committee adjourned for His Honour's ruling or to hear His Honour's ruling - to allow His Honour to prepare his ruling and deliver it, the Minister of Public Works and myself were in consultation with the Premier. We chatted with him in Toronto when he was at the airport on his way to Montreal and we explained to him the situation as it now stands, and the various allegations, insinuations, innuendoes, pieces of material, references to all those people involved, the guilty and the innocent and so on, and the urgency of the situation. And he agrees that this sort of thing cannot stand as it now remains. To have this sort of thing being hammered back and forth for the next three or four days in the public eye would simply be to reinforce what already appears to be some suspicions of guilt where perhaps no guilt is. And in the interests of bringing out the truth some sort of inquiry obviously has to be made. What that form of inquiry will be is something that I am not in a position to say on behalf of the government. I do not know. As I say, the Minister of Justice, the chief law officer of the Crown, is a gentleman with whom we would have to consult on that before the form of the inquiry is made known to the House. As I said earlier in Committee, the present ongoing RCMP investigation may or may not have a bearing on this. I do not pretend to know. I really do not. I do know that the allegations and the subject matter that has been brought forward during the debate today is certainly serious enough to warrant an investigation of some sort. What that type of investigation should be is something that that government will have to look at and examine. Whether it should be a judicial inquiry, a magisterial inquiry is something that we are going to have to think about very carefully. There is going to be a limit to the number of judges that one can tie up in this sort of thing. Surely, there has to be a limit to it.

MR. MURPHY: The hon. gentleman can inform us that it will not be one for those international inquiries.

MR. DOODY: Oh, no. Not an internal, departmental investigation - a public inquiry of some sort, but what type of public inquiry is something that I do not know. I, myself and all members on this side of the House and I am sure members on the other side of the House, members of the Public Service involved, particularly the members of the Department of Public Works and Services and the minister himself are most concerned and most anxious that these allegations be aired and that they be heard, and that the truth be known. If there is indeed some sort of hanky-panky going on behind the scenes then, you know, certainly justice must be served.

AN HON. MEMBER: Hear, hear!

MR. DOODY: If there is no such hanky-panky then, obviously, the air will be cleared and presumably the apologies will be in order although apologies at that date, I guess, are like trying to trace feathers on the wind.

I can appreciate the fact that between the Auditor General's report and the new information that has been brought forward to the hon. member of Burgeo - Bay d'Espoir (Mr. Simmons) then this information obviously had to be brought to the attention of the House. And the House will act on it as quickly as it possibly can as soon as government gets a chance to get together to make a decision on the form of the investigation or inquiry. I am sorry that the thing took as long and that so many statements of words and charges, innuendoes, insinuations and whatnot were brought forward. They would not have been necessary perhaps if the thing had been surfaced when other members of government were present. It could have been dealt with far more quickly. As it was suggested, when the television set incident surfaced, the Premier was in the House at the time and he acted on it immediately. I have absolutely no doubt that had the Premier been in the House when this was surfaced then the same sort of prompt action would have been taken. As I have said, as quickly as we could contact him and got the information to him, he authorized us to go ahead and give the House the assurance that government would do what is right and necessary to bring to the public's attention the whole truth and facts of the matter. It is not just as the

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MR. DOODY: hon. member has said - the allegations are
not aimed at A.B. Walsh and Company but at a number of firms, and I
would assume that the investigation or the inquiry, or whatever one wants
to call it, would be centered

MR. DOODY: around that whole area and, as I said, the terms of reference are certainly not going to come off the top of my head right now and I do not expect that hon. members expect that. That is about all that I can say at this time. There is an investigation underway right now and one facet of the situation which has been instigated by the Auditor General through the RCMP. As I say, a further enquiry will be held as soon as government gets an opportunity to put the terms of reference together and to decide on which is the right and proper type of public enquiry that should be brought about.

As for a money bill to be held in reserve until the enquiry is finished, I do not think that is necessary. I think the fact that an enquiry is going ahead is -

MR. SIMMONS: Not until the enquiry is finished, but until government indicates an enquiry will be held.

MR. DOODY: - that an enquiry will be held. Well, the government has now so indicated and would have earlier today had we been able to contact the Premier.

SOME HON. MEMBERS: Hear, hear!

MR. DOODY: I think it is also fair at this time to say that the object of this particular enquiry is not only to find the guilty, if indeed there are some guilty, but perhaps even more importantly to protect the innocent; because I have no doubt in my mind that there are far more innocent people getting the broad brush that there are guilty people, if indeed there are any.

AN HON. MEMBER: Hear, hear!

MR. DOODY: I yield the floor to my friend from Fortune-Hermitage.

MR. J. WINSOR: I rise to speak on this as I think I am the culprit that asked the first question to the Minister of Public Works about these companies. And also last Thursday threw another curve and asked a question which eventually brought out the fact that there was an investigation going on by the police. I do not think anybody

MR. J. WINDSOR: here realized that this would grow as fast as it did this morning. There are a number of ministers and members on the other side that were not here this morning and were not aware of the tension that was in this House such as I have not experienced since I have been in it. And it is commendable on the part of the Minister of Finance and the Minister of Public Works, Right after lunch their approach was certainly responsible, reasonable and gave a clear indication that it was a revelation to them that so much was going on. Now my colleague the member for Burgeo-Bay d'Espoir was in a tight position as Chairman of the Public Accounts Committee. He was trying to impress upon this House the seriousness of certain things that were going on, and certainly without betraying any confidences or responsibilities that he has as the Chairman of that Committee. But he felt that he should reveal some of the things that he has brought out in his Public Accounts Committee and some things which have not yet been brought out in the Public Accounts Committee.

I know very well personally that he has worked extremely hard on that trying to get to the bottom of a few things and I suppose this would never have come out if, as I have said several times before, the Auditor General did not decide to do a complete systems analysis of the Department of Public Works. Now we do not know but there are other departments that are in the same stew. We can only surmise that there might be. I am not making any charges or suggestions, but one would be led to think that that the only department that he did not do an indepth study or, as they term it, a systems analysis, and shook it and shook the rats out or whatever and so then we come up with a real mess which is very disturbing to both sides of this House.

We are all in government; you are not alone. We have a responsibility on this side to assist you, if that is the right term, to dig out what might be very untenable situations in any department and

MR. J. WINDSOR:

I am sure that you gentlemen this morning felt the tension the same as we did. You had to feel it more, because you are more directly responsible. But as we are supposed to be the Loyal Opposition we are also responsible.

When I go back to my district hopefully

MR. J. WINSOR: in a month's time because if we stay here and do all the legislation and so on it will be a month, now that we have got this thing out of our hair, I have got to meet my people, my constituents and out of that nearly 10,000 people a good many of them are going to ask the question, or tell me that we did not do a very good job in here if we did not dig out what is going on behind the scenes and I need not go into the figures and so on which I do not have. I have no notes on it at all. And the minister says, "We should not rush into an official enquiry." I do not think so because actually the Premier is the one who has the final say on it. He is not here. I do not think it would be right to phone him wherever he is, in Montreal or wherever, and present him with this situation. He might not be able to do such a good job with what he is supposed to be doing.

I think we have time. It is not such a rush job as all that. I would like to see the tensions relieved in this House, because I am sure some of the members are as tight as bow strings. Because we realize that something could come out of it or maybe nothing, I do not know. But it seems odd that a question asked in the House, my gosh it is over two months ago, it was a month before we got the answer to the question I originally asked the Minister of Public Works, before we got his answer and his statement went all around it, hedged, it had to. Although I believe at that time he must have felt there was something not quite right. But his statement did not answer all the questions needed to be answered and apparently now we have got the police into the thing. And I think in all fairness to the RCMP, some of the things we are bringing out now might just jeopardize their enquiry a little bit. I wonder has anybody thought about that? But I do think we have to do something about it. You have got

MR. J. WINSOR: legislation which you want to get through, and I think the minister's reasonable suggestion that we try to do something about it now and get on with the business of the House, which is getting the legislation through, I think we should do that.

It is important to both sides of this House that this not be shelved because, like I said, if we have got to go back to our people and say, "Oh, it just dropped flat, nothing is going to be done about it," we will be just as much guilty in their views as anybody could be. It is unfortunate that we had to take advantage of the Committee in that we are supposed to be debating the Insurance Premiums Tax Act. Well how can we in the name of peace pass legislation asking our people to pay more money in the form of taxes when apparently money is being squandered- has been squandered, not being. The Minister of Public Works assures us that proper steps and indepth steps have been taken to prevent this sort of thing happening any more. I do not know. That is a pretty tall order for anybody to prevent somebody fooling around with this system. You can devise the best system in the world but the fellows working can beat you every time. You will find that out when you are in business for as number a years, as I have been, that you can devise any kind of controls you like, for control of stocks or anything and the fellow working that stock system can beat you, seven ways to Sunday, and it would appear that our present administration has been beat somewhere along the line.

MR. NEARY: They have to approve it. They are the ones who have to approve.

MR. J. WINSOR: They have to approve it. It is their responsibility.

MR. NEARY: It is not the Public Service.

MR. J. WINSOR: Oh no, it is their responsibility. And if you are the manager of an outfit, you are the man who is responsible.

MR. J. WINSOR: You have no control over what Joe does down there. The galley boy might be bringing home the sugar by the bag, but you cannot be always watching the boat. But the responsibility still comes back to top management and that is the minister in the department to which it may or may be laid.

Anyway, that is about what I have to say. I feel that everybody responsible, the Public Accounts Committee, they are trying hard. But we would be here until next year this time before this will come out in Public Accounts because they do not have the time to do it. They have very short meetings, I have attended a couple of them. And it takes a whole afternoon to get one small point clarified because there are some road blocks set up and the person setting up these road blocks are doing their duty as they see it, although I am not entirely in favour of these road blocks. I have sat in there as a member, and I am entitled to do that, entitled to ask questions and I have done that. I can see

MR. J. WINSOR: through some of the things. It is their job to put in roadblocks and not see their side of the House run ragged by our side of the House or whatever. But I think in a Public Accounts Committee it would take a much longer time. And I may be subject to correction and criticism for saying that, but I am saying it. And the only way we are going to get to it quickly and get the work of this House done is by another inquiry or maybe we should wait for the one that is on the go by the RCMP and see what they have to say. But whatever, something has to be done and if we have to, bull through the non-tax legislation and get that done. And I think the hon. member from Burgeo - Bay d'Espoir (Mr. Simmons) suggested leaving one of the tax acts lying there. I think that was the suggestion you made. I think that is a good one and I believe the Minister of Finance accepted it. He appeared to accept it in principle. Whether or not he is prepared to do that I do not know. But I for one would be prepared to go along with the suggestion made by my colleague from Burgeo - Bay d'Espoir.

I do say that we have to cool it. Everybody's temperature is getting flared up and there is no need for that. We have a responsibility and we have to face it. But I would like to be able to go back to my district and say we did the right thing, not the wrong thing.

AN HON. MEMBER: Hear, hear!

MR. MARSHALL: Mr. Chairman -

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

MR. MARSHALL: Thank you, Mr. Chairman. I just want to pass a few words on this debate. First of all, I would like to congratulate the minister for taking the action that he took in such a speedy fashion under the circumstances. And I might state that from my own observation, the minister is carrying one of, if not the major load in the government and has shown again today that he certainly knows how to acquit it because -

AN HON. MEMBER: The Minister of Finance?

MR. MARSHALL: - The Minister of Finance I am referring to, yes.

- Because I have - I will not get into a cross-debate with the member for LaPoile (Mr. Neary) and the member for Burgeo - Bay d'Espoir (Mr. Simmons) on various things. But I know what the tenor of

MR. MARSHALL: the debate was here this morning and about the facts that have been brought out. And there is no doubt that the facts here require an inquiry, a proper type of inquiry of some sort whether, as the minister says, it is a judicial inquiry, a public inquiry or whatever type of inquiry it is, it has to be an inquiry that comes before the public. And the minister has given this indication and I congratulate the minister and the government for doing it.

But I cannot let this opportunity pass, Mr. Chairman, without pointing out with a great deal of pride, that this issue does arise not because of - but it is before this House as a result of the enactment of an act which is very dear to my heart, called the Public Tenders Act. Because as much as it may grate some people from time to time, the fact of the matter is if the Public Tenders Act had not been enacted by this government, observations of the nature made by the Auditor General would not have been made, because this is one of the duties cast upon him in the act itself is to bring this information before the House. And the fact of the matter also remains that I suspect that there were many, many instances before in the past where items like this would be examined by the Auditor General, but never come to light because there was not a statutory duty upon the Auditor General to bring them to light. And let the record show that it was a bill for an enactment of this government, one, as I say, that I, myself am personally very proud of - the Public Tenders Act - which has really brought this to light. So perhaps the hon. gentlemen there opposite who said - who were talking in relation to the Public Tenders Act after it was enacted - that 'you could drive a train through it' - and certainly you cannot have statutes or acts in which there are not certain loopholes - perhaps they may now be willing to reassess their thinking as to the effect of the Public Tenders Act and realize that it is an act of great strength and it is an act which we have seen the results of in here today. And I hope that in the future if the occasion demands that the Auditor General will in future make other - from now and in years to come - other like observations from time to time, because this is the whole purpose and intent of the act itself.

I would also like to point out and state that these matters have come to light as a result of deliberations of the Public

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MR. MARSHALL:

Accounts Committee.

The Public Accounts Committee was again another item that was set up by this government in an effort to provide reasonable government. And the Public Accounts Committee - the Chairman, the Vice-

Mr. Marshall:

Chairman, and all members are to be commended in their deliberations for following through this observation that was made by the Auditor General.

So those are the few remarks really that I do want to make, because I do not want to let the situation go by but to emphasize to members of this Committee the importance and the effectiveness of that Public Tenders Act which when passed by this government allows and permits the Auditor General, and indeed directs the Auditor General to make the type of observations that he made.

As I say, I again congratulate the government in taking the step that it has taken, where enquiries have been needed they have not been lax in calling enquiries. And I think that the action certainly was necessary in the circumstances, not that the government really, I suppose, should be congratulated for doing it because it is a duty for it to be done, but the way in which it was done and the speed with which it was done, and their obvious effort to come to the bottom of the items set forth by the Auditor General,

if anyone was an observer of governments in this Province over a period of years, would be deemed to be refreshing indeed.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Before the government members start patting themselves on the back, Sir, there are a few matters that have to be straightened out. First of all, there will be the kind of enquiry that is going to be carried out. Is it going to be a Commission of Enquiry under the Public Enquiries Act or is it going to be a police investigation? If it is going to be a Commission of Enquiry under the Public Enquiries Act then we would have to see the terms of reference before the hon. gentlemen who behave like seals start pounding their desks. It must not be a narrow enquiry, Sir; it must be a broad enquiry including all contracts let by the Department

Mr. Neary:

of Public Works over the past three years when the Public Tendering Act was by passed. Anything else, Sir, will be merely a cover up, a white wash job. And it must not be restricted to civil servants. It must be general enough so that the whole spectrum, the whole, everybody involved, can be looked at closely by either the police or by a Commission of Enquiry.

Now having said that, Sir, we will wait and see what the terms of reference are before we start pounding our desks, and the kind of an enquiry it is going to be, and the kind of commission that will be set up, and how long it is going to take to do the enquiry, and the terms of reference and so forth and so on.

But, Mr. Chairman, what is as equally as important is, are these things still going on?

MR. ROUSSEAU: They better not be.

MR. NEARY: The hon. minister says, "They better not be". Can the hon. minister tell the House definitely that he has put a stop to these work orders and these vouchers, and that the work presently being done on maintaining government buildings will now appear in the newspaper and go out on public tender, and not be passed out as political patronage and favours to Noel's Electrical and A. B. Walsh? Will all the work involving the maintenance of public buildings now go on public tender in accordance with the Public Tendering procedure? Can the minister tell us that?

MR. ROUSSEAU: Will you allow an interjection?

MR. NEARY: I will allow the hon. minister to interject to give me the answer, because it is very important, Sir.

MR. ROUSSEAU: I indicated this morning, and it started when the Auditor General's report came out on the 14th. of December, that immediately steps have been taken. I would hope that hon. members listened to me when I spoke in the House on the estimates of the Department of Public Works. I tabled the new procedures we have; they are all now in policy formulation, all of them, I do not know whether

Mr. Rousseau:

the hon. member for LaPoile (Mr. Neary) got them. I brought out all of the different situations the other day at the Public Accounts Committee, and to the best of my knowledge the situation is not now going on nor will it go on in the future.

MR. NEARY: Mr. Chairman, that explanation is not good enough. The minister says, To the best of my knowledge. The minister is the minister of that department, and the minister should be able to make a definite statement to this House,

MR. ROUSSEAU: I know -

MR. NEARY: - that it has been stopped. That all of this have gone out to stop the work orders.

MR. ROUSSEAU: Orders have gone out.

MR. NEARY: Orders have gone out to stop it. Then will the minister call public tenders now for the

MR. NEARY: work that is being done in the maintenance and repair of the public buildings?

MR. ROUSSEAU: Where it is possible but in an emergency situation -

MR. NEARY: Ah, Mr. Chairman, where it is possible! Where it is possible!

MR. ROUSSEAU: What are you going to do in an emergency?

MR. NEARY: We heard that before. That is what got the government into the scrape and into the jam it is in. The hon. gentleman from St. John's East (Mr. Marshall) gets up and beats his breast and praises himself, pats himself on the back as being the godfather of the Public Tendering Act in this Province, but the whole trouble is that the Public Tendering Act has been completely ignored by the administration. They have found ways to get around it. And I am asking the minister to tell this House now, otherwise, sir, the day's work that my hon. friend and myself have done in this hon. House in shaming the government into calling an enquiry of some kind -

MR. MURPHY: At least we found one, we could be shamed.

MR. NEARY: We would like to get one now on Affiliated Marine Metals and we would like to get on one Scrivener -

MR. MURPHY: Yes.

MR. NEARY: But we will deal with that in due course. We will deal with those in due course.

But, Mr. Chairman, can the minister tell us now -

MR. ROUSSEAU: Here is what the minister can tell you now and this is all the minister can tell you right now, that where possible tenders will be called, where they are not called there will be an emergency situation. If a boiler blows or you have an electrical panel fire, the minister does not have time nor the

MR. ROUSSEAU: department to call a tender when there is something the matter, the heat is out or the lights are out or there is something in a public building in this Province. That sort of emergency situation will have to be dealt with. Outside of that where it is not an emergency situation certainly public tenders will be called. We are attempting right now to establish procedure to get the staff to ensure that we can have the quality of staff down there to provide the specifications to do this. But where there is an emergency call I do not think the hon. member would want lights to be out in a building overnight or no heat to be supplied because of a boiler. But there will be emergency situations. I can guarantee the hon. member and the House that.

MR. NEARY: Well, Mr. Chairman, I am not talking about emergency situations. I am talking about general maintenance that goes on. The minister knows full well that there are contractors under contract to do work for the minister's department to maintain certain government buildings and offices and so forth and no public tenders were called. Newfoundland and Labrador Housing is in the same boat, but we are talking about the Department of Public Works right now. It is passed out as favours, political patronage. Will the minister now undertake to call public tenders for all work of a non-emergency service?

MR. ROUSSEAU: The minister of the department and the government are reviewing the whole system down there. And the other day I gave out a few pieces of information. Wait till we get it all tied together. We will let you know what it is. Obviously the minister or the ministers or the government, you know, it is a bind - there are certain allegations made. Obviously, you would be awful stupid to continue along the same lines as allegations have been made. Corrections will be made in view of the Auditor General's report and other information coming

MR. ROUSSEAU:

out. That is all I can say now. But they will be.

MR. NEARY: Well, Mr. Speaker, I thank the hon. gentleman for the information. But, Mr. Speaker, is there any reason why -

MR. ROUSSEAU: I tabled it all here in the House of Assembly.

MR. NEARY: - is there any reason why the minister cannot go to public tenders immediately for general maintenance?

MR. ROUSSEAU: I have just said, where it is possible, yes. I just said.

MR. NEARY: Okay. So in the very near future we can expect -

MR. ROUSSEAU: Oh, yes! It has been going on already.

MR. NEARY: - we can expect to see public tenders so that all the electrical contractors, all the plumbing contractors, all the mechanical contractors can have a crack at the work.

MR. ROUSSEAU: Where possible, but not in the emergency.

MR. NEARY: Well, I am not talking about emergencies. I beg your pardon?

MR. DOODY: (Inaudible) have any wine for supper?

MR. NEARY: I may not come back after supper. That is why I want to get the answer now.

MR. DOODY: Okay. That is worth waiting for. Carry on.

MR. NEARY: So that is why I am trying to get the assurance from the minister that no work of a general nature, no work outside of emergencies will be -

MR. MARSHALL: Are you coming back tonight?

MR. NEARY: I beg your pardon?

MR. MARSHALL: Are you not coming back tonight?

MR. NEARY: No. I always notify the Speaker when I am going to be absent. I will be here for an hour or so.

MR. MARSHALL: A sometimes member.

MR. NEARY: I will be here for an hour or so.

MR. MARSHALL: Scatterbrain member. Scatter-day, scatterbrain.

SOME HON. MEMBERS: Oh, oh!

AN HON. MEMBER: He is trying to think of something.

MR. NEARY: I was going to say something, Mr. Speaker. I do not think it would be unparliamentary. I was going to say the hon. gentleman got a big mouth and a small brain but it would be just - I do not think that would be -

MR. DOODY: Say something else.

MR. NEARY: No, I will not say something.

MR. NEARY: Mr. Chairman, the minister should be able to give the House that assurance.

MR. ROUSSEAU: What do you want me to do? Write it in blood on the floor of the House! I just told you!

AN HON. MEMBER: Write it in his blood.

MR. NEARY: How long will it take the minister to do this? How long before we can expect to see public tenders appearing in the newspapers?

MR. ROUSSEAU: May I interject? The other night the hon. the minister had some new policies in the department which was brought to the Public Accounts Committee and were given in little bits and drabs. I have invited the Public Accounts Committee to come down and look at our new procedures. You know, when we get it all tied together we will give you the information and all I can do is give you the undertaking that unless something is an emergency tenders will be called. That is all I can say. But I have to say that if it is an emergency, no tenders will not be called. The first person we can get our hands on to rectify the situation it will be done. Now what more do you want?

MR. NEARY: But, Mr. Chairman, the minister has told us that instructions have gone out to cancel the work orders, no more work orders, so does that not automatically follow, Sir, that the minister now has to call public tenders? I am not talking about emergency situations now.

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: I mean, you know, I cannot follow the minister.

MR. ROUSSEAU: Right now we are in the process of looking at the question of service contracts, bidding on buildings, contracts on the whole building -

MR. NEARY: That is exactly what I am talking about.

MR. ROUSSEAU: Well there is a number of ways to do it, but, my God! Give us time to put the thing together.

MR. NEARY: Well, I will give the hon. gentleman time, but the hon. gentleman -

MR. ROUSSEAU: Well, I cannot write it in blood for you. Now I am telling you that corrective action is being taken now.

MR. NEARY: Well then have these companies, Sir, - another point - have these companies who have been involved in this alleged skulduggery, have they been booted off the jobs? Have they been barred from doing any government work until the enquiry is over, and will they be barred? Can the minister tell us that?

MR. ROUSSEAU: We just heard about the enquiry about ten minutes ago, did we not?

MR. NEARY: Beg pardon!

MR. ROUSSEAU: We just heard about the enquiry ten minutes ago, you know.

MR. NEARY: Well, I mean, the minister should know. I mean, the Auditor General's report.

MR. ROUSSEAU: How about giving me a day in the office?

MR. NEARY: The Auditor General's report was tabled in this House several months ago.

MR. ROUSSEAU: How about giving me a day in the office tomorrow and do not call a quorum? How about that?

MR. NEARY: Well, the hon. gentleman can have a day in the office if we can get the answers before the House closes.

SOME HON MEMBERS: Hear, hear!

MR. NEARY: The hon. gentleman has his own problems with Mr. A.B. Walsh down in Pouch Cove and Torbay, The hon. gentleman has his own problems and I ask the hon. gentleman what he is doing to protect the public treasury against A.B. Walsh's company down in Torbay and Pouch Cove?

MR. DINN: Torbay is done.

MR. NEARY: Torbay is not done.

MR. DINN: They have .

MR. NEARY: Well what is happening in connection with Torbay? The last time I asked the minister about it I was told that a writ had been served on the bond holders.

MR. DINN: That is right.

MR. NEARY: And on Metro Engineering.

MR. DINN: Now you want me to take over the courts of the land.

MR. NEARY: No .Will the minister tell us now what is happening in connection with that?

MR. DINN: Well it goes before the courts.I cannot -

MR. NEARY: Well what action is the minister taking to protect the public treasury?

MR. DINN: Well,they cannot spend any more money until the results of the trial.

MR. NEARY: Well,there is a new piece of information, something we did not know before.

MR. DINN: And Pouch Cove should do the same thing.

MR. NEARY: And what about Pouch Cove, Pouch Cove has not served a writ yet have they?

MR. DINN: They should do the same thing.

MR. NEARY: But have they?

MR. DINN: They should.

MR. NEARY: But the minister told Pouch Cove they would have to get rid of the consulting engineers that was the only way to get it straightened out.

MR. DINN: Three ways.

MR. NEARY: Three ways.Well what are the three ways they can get it straightened out?

MR. PECKFORD: They can issue a writ, alright.

MR. NEARY: Right.

MR. PECKFORD: Get the contractor back on the job.

MR. NEARY: Right.

MR. PECKFORD: And the third one was to -

MR. NEARY: Get rid of the engineering consultants.

MR. PECKFORD: That is right.

MR. NEARY: And why should they get rid of the engineering consultants when they have done such a good job?

MR. PECKFORD: They have to get rid of the contractor or get rid of the consultants ; they will not work together.

MR. NEARY: Well has the writ been served on the bond holders or the -

MR. PECKFORD: No.

MR. NEARY: or Metro Engineering?

MR. PECKFORD: I do not know why they have held up .It is since October 14th of last year. They have not issued a writ yet.

MR. NEARY: Mr. Chairman, I hope that with all the other results that we have got today the one thing that will happen is that these contractors, these contractors that have been involved in the alleged skulduggery will be barred from doing business with the government until the police investigation and the enquiry is over.

MR. DINN: Guilty first and then barred.

MR. NEARY: No, Sir! They are guilty. The Public Tendering Act has already been violated. .

MR. DINN: . I have no proof of that.

MR. NEARY: And down in Torbay and Pouch Cove -

MR. PECKFORD: If the hon. member will yield it is just about 6 o'clock and I would like to move the Committee rise and report progress and ask leave to sit again.

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: We can come back into Committee later on to tonight after doing a few second readings.

MR. NEARY: It is all right with me, Sir. I do not care. Sure!

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

MR. SPEAKER: The hon. Chairman.

MR. CHAIRMAN: Mr. Speaker, the Committee of Ways and Means have directed me to report progress and ask leave to sit again.

On motion, report received and adopted, Committee ordered to sit again, presently.

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

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
8:00 p.m. - 11:00 p.m.
MONDAY, JUNE 6, 1977

The House resumed at 8:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER (COLLINS): Order, please!

MR. PECKFORD: Order 3, Supply.

On motion that the House resolve itself into Committee of Supply, Mr. Speaker left the Chair.

MR. CHAIRMAN: Order, please!

The hon. the Minister of Finance.

MR. DOODY: I do not know, Mr. Chairman, if there is anything further that can be said about this particular bill. It took the attention and time of the House for quite a length of time. The comments pertaining to the bill itself are necessarily limited because of the limited nature of the bill, as I have said. It raises the premium on insurance to the consumer from 7 per cent to 10 per cent and brings it equal to the S.S.A. tax.

The other clause which has hardly been mentioned at all is the clause that requires the information obtained under the act be held as confidential. The conditions under which the minister can release the information is listed in clause 3, 16a, (1) and (2). I simply ask that the House adopt the resolution and we will see what happens from there.

MR. CHAIRMAN: Shall the resolution carry?

MR. SIMMONS: Not quite. I want to respond to a couple of things that were said late this afternoon.

AN HON. MEMBER: Testing?

MR. SIMMONS: Good try! Good try!

Mr. Chairman, today we have had a fair amount of discussion about the need for an enquiry. I was rather pleased that the minister rose in his place late this afternoon and indicated that the government, as I understood it, the government decided to initiate some kind of an enquiry, a public enquiry.

MR. SIMMONS: To initiate some kind of an enquiry, is that right?

MR. DOODY: A public enquiry.

MR. SIMMONS: A public enquiry. I believe that is very much a step in the right direction. A few words needed to be said about the kind of an enquiry because what we are talking about here, Mr. Chairman, are the possibilities that the Treasury has been defrauded and in that context the government ought to give some thought to the particular kind of enquiry, whether it ought to be a police investigation or a public enquiry under the Enquiries Act, or a royal commission.

I am not at all familiar enough with the mechanisms of the various procedures to be of much advice to the government, nor would I presume to be. But, Mr. Chairman, it should be borne

MR. SIMMONS: in mind that this is a fairly narrow area of enquiry now, albeit it will have all kinds of ramifications that will involve a number of companies - the investigation will - it will involve the Department of Public Works and perhaps other Departments in terms of the spending practices that parallel those of Public Works, the issuance of the multiple work order and so on.

The point I want to make though, Mr. Chairman, is that I think the Government would be less than honest if they did not appoint that kind of enquiry which best offered a possibility of getting at the real truth of the issue.

The member for LaPoile (Mr. Neary) was talking somewhat today about the limitations of the public enquiry. Well, again, I am not at all that familiar, but if it true what he says that the examination and the cross-examination can only be done through the Commission's lawyer - the Commissioner's lawyer - well, that does -

MR. MURPHY: If I may, just for a moment - a point of order. I listened to this discussion today and I do not know which enquiry the hon. member was referring to -

MR. SIMMONS: All enquiries.

MR. MURPHY: - but I know in his own, the Government appointed a lawyer on his behalf and paid for it. So, naturally, the lawyer is there and I do not think the defendant - or whatever he may be - himself has the right to speak. Am I right on that, Mr. -

MR. SIMMONS: I will explain that afterwards.

MR. MURPHY: I was just wondering if that was the case. You said you had to translate and whispered. I thought I would just get the clarification.

MR. STRACHAN: We will give you a chance for that in the enquiry.

MR. SIMMONS: Pardon? What was that?

MR. STRACHAN: We will give him a chance for that if there is an enquiry.

MR. SIMMONS: Now, I think the overall point I am saying is that whatever mechanism is - whatever form the enquiry takes, it should be a form which allows the maximum possible exchange among the parties involved so that we can get at the very root of this. I would not want it to get locked into a formality which prevented some evidence surfacing as I believe it should.

I have been fairly close to the documentation and the information, and the rumour too - there is rumour associated with this, I would be the first to admit to that. There are all kinds of truths and half-truths. As soon as you get into a can of worms like this you are going to hear it all. You are going to have all the would-be do-gooders coming forward, all the fellows who have a grudge to apply. You always have to be ready for those people. But, in addition, I will say, in fairness, that some people have come forward and have talked to me privately, who, I believe, have had a genuine concern.

AN HON. MEMBER: Ministers?

MR. SIMMONS: No, no ministers, but some people in the Public Service have come forward with what I believe to be some very genuine concerns. These concerns would be badly betrayed if we had an enquiry with very narrow terms of reference that were more designed to put a situation on ice than to elicit the real set of circumstances that has transpired over the last three or four years. So, I am a bit concerned about the nature of the enquiry, and time will tell on that.

Mr. Chairman, one other thing concerns me, and this is not at all to look at the Minister and tell him I do not believe him. I believe the Minister was telling the Committee the truth when he said, late this afternoon, that there will be an enquiry. Now, the particular Premier who heads this Administration has been known not to keep certain other commitments.

MR. NEARY: That is right.

MR. SIMMONS: He has been known not to keep certain other commitments. Indeed, there are a few indications, a few instances, of where hard and fast undertakings were never followed through.

MR. NEARY: Do you want a list of these? Two hundred and sixty-eight was the last count we had.

MR. SIMMONS: Oh, I can tell them about the ferry service from McCallum to Hermitage; the stadium in Ferryland, which I believe is going ahead for the sixth time now -

MR. STRACHAN: Are you going to take St. John's West?

AN HON. MEMBER: Free transportation.

MR. SIMMONS: I have just announced it again because I know it will be announced before the by-election is over.

AN HON. MEMBER: Is that right now?

MR. SIMMONS: That is right. It will be announced before the by-election is over.

MR. STRACHAN: They really want St. John's West.

MR. SIMMONS: Now, up in St. John's West, the candidate

MR. SIMMONS: up there, the Tory candidate, said they do not need them. They do not need any recreation facilities. Try and tell that to the crowd in Buckmaster's Field of course, Buckmaster's Circle.

MR. MURPHY: Ask about Buckmaster's Field, what happened to it when I fought to preserve it and they put a housing development there.

MR. SIMMONS: Your buddy now says they have lots of facilities up there anyway.

MR. NEARY: Mullaly's buddy!

MR. MURPHY: Go on 'Steve!'

MR. SIMMONS: Your buddy up in the West got lots of facilities now, he says. Do not need any recreation, Bob Lewis says, no recreation needed. They have lots of them.

MR. MURPHY: Who said that?

MR. SIMMONS: I am sure he did not say it, the Premier said it for him. As a matter of fact, all weekend we have been hearing the Premier speak for Bob Lewis. Where is Bob Lewis? He can speak for himself.

MR. HICKMAN: On a point of order! On a point of order!

MR. CHAIRMAN: Order, please!

MR. HICKMAN: Mr. Chairman, I realize why we are all anxious to keep the House going now, because of the two by-elections. We look forward to Friday, the day after the polling day, in this House.

MR. SIMMONS: We have a sight more to look forward to than you Tories.

MR. HICKMAN: I always reserve my decision until after, as I did last year. I would suggest, Mr. Chairman, that this is totally irrelevant to the Bill that is before the House.

MR. SIMMONS: No question that I have strayed. I have strayed, Mr. Chairman. I was lured into a lucrative but unrelated field. The fact was, Mr. Chairman, before I strayed, for which I apologize, I was talking about whether or not the promise of an enquiry would be kept. By way of example only

MR. SIMMONS: I was about to cite some other examples which had not been kept and about to say that I hope this would be the exception, that this one would be kept. I would hope that part of it was relevant but otherwise I have strayed badly. If Mr. Chairman wants to rule?

MR. CHAIRMAN (DR. COLLINS): I believe the hon. member has expressed contrite sorrow for his transgressions but we would ask him to continue.

MR. SIMMONS: Mr. Chairman, I hope because of the gravity of the situation that this particular promise is kept. I hope it is kept this week. I appreciate the circumstances of the day, with the Premier out of the Province, the Minister of Justice out of the House at the time. In that respect it is not quite analogous to the issue we dealt with here on March 22, where the parties were all present and where the decision could be made rather expeditiously, indeed was, and within a five hour period of the member for the Straits of Bell Isle (Mr. Roberts) having raised the issue of the television set, the motion was put through the House and the enquiry was announced.

MR. HICKMAN: (Inaudible) five days, though.

MR. SIMMONS: No, I mean the decision was effected in this House. I said the decision was effected in this House.

MR. HICKMAN: (Inaudible).

MR. SIMMONS: Effective on this one now? Well, in other words I will yield and let the minister tell me what form of enquiry in that case.

MR. HICKMAN: There is only one means for an enquiry and it has to be under Public Enquiries Act.

MR. SIMMONS: No, I was interpreting the minister's term "enquiry" to include police investigation, royal commission; I was interpreting it more broadly.

MR. HICKMAN: A royal commission is a misnomer. But a royal commission if appraised is generally used for enquiries under

MR. HICKMAN: the Public Enquiry Act.

MR. SIMMONS: Yes, yes. I was using the term "enquiries" in its broadest sense.

MR. HICKMAN: That is the broadest type of enquiry.

MR. SIMMONS: Well, what I hear from the minister now is that in a few days we can expect to hear what form this is going to take. We are now understanding, or I am understanding that the minister this evening gave not a general notice of intention but an announcement that the enquiry is on. It is just a question of ironing out the mechanics. So in two or three days we will hear the terms.

MR. DOODY: Hopefully. As I said today, I will have to consult with the law officers who are familiar with that sort of thing. I, myself, have not had that much experience with enquiries, thank God!

MR. SIMMONS: There are those in the House who have had more experience with them. The minister might want to strike a committee to consult members who have been the subject of enquiries or who -

MR. DOODY: No, it is usually the Department of Justice who looks after them.

MR. SIMMONS: I am hoping that before the last money bill passes through here, if it does pass, before it is put to committee I am hoping, before

MR. SIMMONS: the last money bill is put through we can hear the details of that particular enquiry. I would like to know the form it is going to take while this House is open because there is a very real possibility this House will close on Friday and we will not then have a forum.

MR. DOODY: Any reason?

MR. SIMMONS: No, I am an optimist by nature.

AN HON. MEMBER: We still have the Budget speech.

MR. SIMMONS: We notice that and we said today, Mr. Chairman, we said today we are not anxious. I am an optimist only for the sake of the Minister of Justice, who cannot wait to get out of here. We said today we are prepared -

MR. HICKMAN: We have decided we are in no rush to get out.

MR. SIMMONS: Oh, we are not. We are in no rush to get out at all. None whatsoever, indeed. My colleague from Fortune-Hermitage (Mr. J. Winsor) indicated we would be here for a month. I do not think it will be a month but -

MR. DOODY: The month prediction is a very large 'C' conservative estimate, I want to say a large PC conservative estimate.

MR. SIMMONS: The minister is in good form tonight. He has dined well.

MR. DOODY: We had another cold plate on the eighth floor.

MR. SIMMONS: He has dined well.

MR. NEARY: Yes, dined well. That is right.

MR. DOODY: Another heartburn special.

MR. MURPHY: That is certainly good for the ulcers.

MR. SIMMONS: Okay, Mr. Chairman, I hope -

MR. NEARY: The minister did not have the breaded turbot salad for his supper.

MR. DOODY: The minister thought it was yellow.

MR. NEARY: It was something like the administration - a new colour, a new Tory colour - yellow. They have switched from blue to yellow.

MR. SIMMONS: You know, Mr. Chairman, we should convene at eight as we do but we should have the first half hour to let the boys get it all off their chest, let it all hang down before we try and have a serious discussion after the fellows have eaten so well, have dined so well and so long.

MR. NEARY: No wonder they all have the gout over there. I hope it is not contagious.

MR. SIMMONS: As I say, Mr. Chairman, as soon as the boys talk themselves out and get it out of their system, I will continue. Mr. Chairman, I am expecting as a result of today's announcement by the Minister of Finance on behalf of the ministry that we can know the form the enquiry will take some time this week before the last money bill is called in committee. We want to know very much because we want to be able to have some input here while the House is still open and while we have money bills because it allows us a good broad range of discussion as we have demonstrated here today. I do not reasonably expect the budget debate will ever be called. Now, it will be called because the law requires it or tradition requires it. It may well be called sometime next Fall but I have no reasonable hope it is going to be called in the next week or two weeks at the rate we are going. I say already it should have been called five weeks ago, but the Minister of Justice, the Government House Leader, knows that as well as I do.

MR. DOODY: I wonder if the hon. member would permit me.

MR. SIMMONS: Sure.

MR. DOODY: I was just looking at this Dun and Bradstreet report which the hon. member tabled earlier today. It says quite clearly on it that this report may not be reproduced in whole or in part in any form or manner whatever. I wonder how the

MR. DOODY: table of the House handles this sort of situation.

MR. SIMMONS: Well, Mr. Chairman, I warned - not warned, but I cautioned the Chairman this afternoon about the implications.

MR. HICKMAN: It is in strict confidence, I presume.

MR. SIMMONS: It is in strict confidence, that is the first reason. But I was ordered to table it.

MR. DOODY: Whoever tabled this is in very serious trouble, I would suspect.

MR. SIMMONS: I would say so.

MR. MURPHY: The tabler is, I would say.

MR. SIMMONS: Oh, no. The tabler did not make it. The Chairman is in serious trouble.

MR. MURPHY: Say how he came into possession of it?

MR. SIMMONS: He ordered me to give it to him. That is how he came into possession.

MR. MURPHY: Then that will be another investigation.

MR. SIMMONS: I have access to these documents. Would the member for St. John's Centre like a business report on some particular business?

MR. MURPHY: No.

MR. NEARY: Affiliated Marine Metals, let us get a report on that one.

MR. MURPHY: Giving out confidential reports!

MR. SIMMONS: I did not give out confidential reports. I clearly pleaded with the committee not to force me to do it. I was forced today. I was arm twisted, I was ordered, the power of the law was brought on me today to give up something that I was not supposed to give up.

AN HON. MEMBER: You were not supposed to have it.

MR. SIMMONS: Oh, I am allowed to have it.

MR. MURPHY:

And read its contents in the House?

MR. SIMMONS:

I chose to use its contents. I chose not to quote from it, but I got a ruling which said I did. I did not, but the ruling said I did.

MR. DOODY:

Are you disputing a ruling?

MR. DINN:

Mr. Chairman, on a point of order.

MR. CHAIRMAN:

A point of order has been raised.

MR. DINN:

The hon. member is obviously questioning the Chair again.

MR. SIMMONS:

Disagreeing but not questioning.

MR. DINN:

He said that he

MR. DINN: did not quote from the report. It has already been ruled by Mr. Chairman that he had.

MR. SIMMONS: Is he that stunned? Is he that stunned?

AN HON. MEMBER: He should be made withdraw.

MR. J. CARTER: That is contempt for the House.

MR. DINN: Contempt.

SOME HON. MEMBERS: Oh, oh!

MR. SIMMONS: Mr. Chairman, look, it is hardly worth the trouble. If the minister runs a department as bad as he handles himself in the House, God help the people who have to look for assistance from the Department of Municipal Affairs and Housing. He is stunned. A stunned observation. Not a point of order at all. I do not question the ruling of the Chair. I disagree with it. I think it was a bad ruling, but I do not question it.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. HICKMAN: That calls for an immediate withdrawal or else the penalty has to be paid.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: Order, please! On the point of order -

MR. HICKMAN: There is no question about it.

MR. CHAIRMAN: Dealing with the point of order as expressed, if my memory serves me, the ruling made was that a paper or documents cited or quoted should be tabled. I think it is up to the hon. member to decide whether the document was cited or quoted, but the ruling was that in either case it should be tabled, and it was so tabled.

On the second aspect of things, the hon. member did seem to indicate that the Chair was at some fault in making the ruling. I am sure that on the spur of the moment this was not his intention, but to clarify that beyond any doubt I would ask him to withdraw

Mr. Chairman:

any remarks that might have led the other hon. members to think that he questioned the ruling from the Chair.

MR. N. WINDSOR: Enough was said to have to pay.

MR. SIMMONS: Pardon?

Mr. Chairman, of course, Mr. Chairman, I would withdraw any such inference that I had in any way questioned the Chair on the ruling. I did not do that at all. It was very clear what the Chair has said. And I think it is known how I feel about that particular ruling, but one can have his feelings, and mine are pretty clear. I do not disagree -

AN HON. MEMBER: That is not a withdrawal.

MR. SIMMONS: Mr. Chairman, to withdraw does not mean to say that I have to agree. I do not agree with the ruling, Mr. Chairman. You cannot make me agree with it. I withdraw any imputation of motives to the Chair, or any suggestion that it made an unfair ruling. But I do not agree with the ruling. You cannot vote in this Committee to make a fellow agree to something in his mind.

MR. RIDEOUT: You can take the horse to the water but you cannot make him drink.

MR. SIMMONS: My sonny boy! What a crowd.

MR. HICKMAN: On a point of order, Mr. Chairman. There is a very well defined procedure which the hon. gentleman for Burgeo-Bay d'Espoir could have availed of if he thought there was any justice or any merit to what he was saying.

MR. NEARY: The hon. gentleman does not want to avail of it.

MR. HICKMAN: And if he did avail of it, and the House substained Your Honour's ruling, then it is not again debatable or capable of being referred thereto.

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

MR. HICKMAN: If he did on the other hand refuse to avail of the procedure that is open the same rule applies, but under no circumstances can the ruling of the Chair be questioned in any manner whatsoever other than by that procedure, and that procedure is

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: - to reconvene the House, report to Mr. Speaker, and it has to be done immediately after the issue arises.

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: And if it is not done that is the end of it.

MR. SIMMONS: To the point of order, Mr. Chairman, if I may?

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

MR. SIMMONS: If we would just reflect back two or three minutes, what got us into this bit of a hassle was that somebody waved the document, I think the Minister of Finance, and others waved the document and I recalled for the Committee, Mr. Chairman, the sequence of events which led up to my tabling it. I did not table it freely. I tabled it on the instruction of the Chair. I do not score the Chair for making the ruling, but I simply point out to the Committee that the Chair must take the responsibility for its rulings, and that is all I was saying a few moments ago. And if in any way I have been unfair to the Chair I apologize a thousand times over. I think it is a fair statement that the Chair takes the responsibility for the rulings it makes.

AN HON. MEMBER: Hopefully.

MR. SIMMONS: And one of the responsibilities is that we now have scattered around the House some documents which I would have preferred not be scattered around. That is all I am saying.

MR. CHAIRMAN: Order, please! I would point out to hon. members that the Chair is the servant of the House, so that the Chair itself is responsible only insofar as it interprets the rules and the precedents of the House. It is my understanding that the hon. member has not questioned the ruling from the Chair, and I would now ask him to continue his remarks.

MR. SIMMONS:

Thank you, Mr. Chairman. I can understand that the document I circulated would be fairly upsetting to some people.

MR. HICKMAN: Not to me. It looks good.

MR. SIMMONS: I did not circulate it. I retract that. The document got circulated this afternoon because I happened to have it in committee. I can understand that it would upset some people. But since we are going to have an inquiry on that, I do not believe we will belabor that point this evening. There are so many other issues about other companies that I could bring into committee which would demonstrate just how badly the public's money is being managed, just how badly. I could draw to the committee's attention the situation in which the members of the Public Accounts Committee saw in the LeMarchant Road building - another building owned, I believe, by Public Works - a scandalous situation, absolutely scandalous from a safety standpoint. It is a wonder nobody was electricuted there. The panels were all open without covers. And a qualified electrician told me that there are easily twelve or fifteen places that he could see right on the panel where, in his words, you could "end it all just by touching it". Now that is the kind of situation that was the case in that building for a seven month period on a job that had been paid for obviously without any inspection of any kind. We were told by an official of the Department of Public Works that the work had been concluded before the contractor left. But notwithstanding, I understand that that was not the case. Indeed, that the contractor concerned has since written a letter of apology to the minister for the sloppiness and the unfinished nature of the work.

Now, Mr. Chairman, that is what we have been talking about in this committee today and that is why we are so hesitant, so reluctant to vote additional tax power, be it on the gasoline tax or in this case the insurance premiums tax or the other taxes that are to come up.

MR. SIMMONS:

We are very hesitant because we are very concerned about how the money is being managed right now. What we are really saying to this government in so many words is, Put your house in order, set your house in order. You are running a sloppy operation, a very slack operation. I do not know if it is because we have a part-time Premier or a part-time ministry or a bunch of fellows who do not care or are not around long enough. I do not know what it is. Or if the ministry has become a revolving door where the fellow who was Minister of Manpower today or Public Works today is Manpower yesterday and Forestry the day before that, that kind of thing. I do not know exactly what the problem is. I cannot put my finger on it. But I can put my finger on the net result, and that is some pretty sloppy, pretty sloppy management of the public's money. I suppose, Mr. Chairman, it has never been so sloppy, so inefficient as it has been before when you contemplate, Mr. Chairman - never been before as it is right now, I should say.

MR. HICKMAN: That would be a pretty good inquiry, Tiller and Ashley and all that crowd.

MR. SIMMONS: Mr. Chairman, they want us to be very statesmanlike on this issue of the present issue which is a scathing indictment, Mr. Chairman. They want us to be very statesmanly in this one but they get over and they fling around names. They live in the past because somebody takes some solace. I do not care - not that I do not care, but Mr. Chairman, it is not related, the names I just heard, what they did. Suppose they were skullduggerous, suppose they were awfully wrong in their dealings, suppose they were. Do two wrongs make a right? Does that justify it because it went on before? Is that what I hear now, that it is okay because it went on before? It is okay to give one contractor \$616,000 without calling a public tender because it went on before. That is the justification for it.

MR. MURPHY: How many work orders?

MR. SIMMONS: Two hundred and four work orders. By the way, an interesting little tidbit on that particular building. I should have, for the record,

MR. SIMMONS:

said there was one tender called. There was one tender. It was not called on any of the 204 work orders which total \$616,000. It was not called on the mechanical, and the figure I do not have. It was not called on the carpentry, because a lot of that was done by the department's own forces. It was not called on materials. But there was one contract called, one contract, the painting contract. The painting contract was called. And, Mr. Chairman, this was funny, really funny. You see the Tender Act requires that if you go over \$15,000 you have to call tenders. But if you are under \$15,000 you do not have to call tenders. So of course you know what I am going to say. The one they call tenders on, they did not have to. It came in at \$13,000. And as I understand it, on that particular project that is the only item -

MR. MURPHY: Whose building is this?

MR. SIMMONS: I did not identify the building. I did not identify the building.

MR. MURPHY: Well, I thought you mentioned Lemarchant Road.

MR. SIMMONS: No, no, I am sorry. I mentioned Lemarchant Road earlier. But I am not talking now about that building.

MR. MURPHY: I hope it is not number 72 LeMarchant because that is where I live.

MR. SIMMONS: (Inaudible.) - We will check that one out the first thing in the morning.

MR. N. WINDSOR: How much of that \$616,000 was for routine maintenance?

MR. SIMMONS: Sorry?

MR. N. WINDSOR: How much was routine maintenance? Will you answer a question?

MR. SIMMONS: Sure, of course.

MR. N. WINDSOR: I am not questioning your figure of \$616,000 but how much of that would be normal routine maintenance that would always be done with this sort of a thing, calling somebody in or something that could not possibly go on tender? Do you have a breakdown on that?

MR. SIMMONS: Well, there is nothing labeled as routine maintenance as such. There is rewiring \$109,000; install and supply light fixtures \$48,000; miscellaneous electrical repairs \$16,000, rewiring \$74,000; install and supply light fixtures \$25,000; install and supply light fixtures \$176,000; miscellaneous electrical repairs and rewiring \$64,000; electrical repairs and rewiring \$23,000; install and supply lighting fixtures \$25,000; electrical repairs \$52,000. So offhand to answer the question of the gentleman from Mount Pearl, I cannot offhand decipher how much could be classified as routine unless there is something in the question I am not getting.

MR. N. WINDSOR: No, no. Obviously there was a fair amount of work done and you are saying that some of it should have been on tender. I am just wondering are you saying it all should have been on tender or is there an amount in there that obviously would not go on tender, would be routine emergency repairs sort of thing, you know, routine maintenance over this three year period I think that money was spent.

MR. SIMMONS: Thirty months, yes.

MR. N. WINDSOR: Thirty months, right. So, you know, obviously a certain amount of that, would it be \$100,000 or \$200,000 or \$300,000 worth of that that you are not disputing and the rest of it you are saying perhaps should have been in a contract and on tender? That is all I am asking.

MR. SIMMONS: Yes, okay. It is a fair question. I really do not know the answer. I would give my interpretation of the public tendering

MR. SIMMONS: requirement. I am not sure that the public tendering act allows maintenance on any particular building in excess of \$15,000 without tenders being called anyway. So that even if it is routine maintenance, if it is routine maintenance of a fairly large order I would still see public tenders being called. So that here you are talking one institution, you are talking four buildings in a complex, so even stretching the point, even allowing \$15,000 per building you may be talking \$60,000 if you are talking \$15,000 per institution. You know, it is a question in my mind which I would like to put to somebody in Public Works eventually about how you apply the Public Tender Act to routine maintenance. And do you say to your people, If it is under \$15,000 we can do it, our own forces can do it, or we can contract it out without tenders, and after \$15,000 then we must call tenders. That is an issue. Are you with me?

MR. N. WINDSOR: Yes.

MR. SIMMONS: That is an issue, really, that I do not have resolved and the member for Mount Pearl is right that -

MR. HICKMAN: That is an issue for the enquiry.

MR. SIMMONS: Yes, exactly. And of the \$16,000 there may be -

MR. HICKMAN: - particularly if it is a judge, particularly if it happens to be a judge.

MR. SIMMONS: Exactly. And of the \$616,000 obviously there is some amounts in there that perhaps tenders could not be called on because of the emergency situation which some of us are aware of that related to part of the expenditure. I am aware of that. What I have said -

MR. N. WINDSOR: That is the point I wanted to come out, that is all.

MR. SIMMONS: Well, okay. What I said today in committee does not contradict that. What I have said repeatedly today is \$616,000 without public tenders. Now there may well be reasons, indeed I am sure there are reasons why some of it did not get tendered. I would say to the member for Mount Pearl that he would find -

MR. ROUSSEAU: Was a fire involved?

MR. SIMMONS: Yes there is an emergency here. Well, again, I did not particularly want to give away the buildings

MR. SIMMONS: unless the minister does. I thought we would discuss it without getting into the specifics.

MR. ROUSSEAU: The fire was partly responsible.

MR. SIMMONS: Yes, but we are going to get into a fairly protracted argument there if we get into that. That is why I have avoided getting into that today because, you see, as I was about to say to the member for Mount Pearl, if he will take the figures that were distributed to him today as a member of the committee and compare them with the testimony that was given in one of those meetings, either March 25, or May 13, he will find that they do not jibe at all. He will find there is even among officials in the department, a big contradiction between what

MR. SIMMONS: - I think it is May 13 - and what shows up today. So if the people who are dealing with the figures themselves cannot agree on them then I fail to see how we can here in this committee today. For that reason, among others, I did not get into the detail of which building it was. Because the fire, in some respects, I think the enquiry is going to find it is an awful big red herring. You know, it is one thing to say that if there was a fire at a particular time there were emergency repairs. But when you find that eight, nine and up to nineteen months after they are still writing off emergency items - I am sorry, sixteen months after they are still writing off emergency items to a fire that happened sixteen months before, that is stretching the point. That is stretching the point a fair amount. Again, you know, I do not think we should become the enquiry. I would be happy to pursue, but I am not sure that it would be very productive.

Now, Mr. Chairman, I do not know where I was before the member for Mount Pearl interjected that particular question. Just let me get back on track here again. I was about to talk about some other companies, not to name companies because I do not think that would serve any purpose at this particular time. But there are a number of other instances where the same pattern applies and which is one of the real reasons why I felt from the beginning that the investigation, the police investigation into one particular firm's dealings with the government would not get at the root of the matter. Also why I say that the enquiry has to be extremely broad in its terms of reference as to address itself to the spending practices and procedures of the department generally and has to have full power of investigation, the power to send for documents, of course, and people and generally get into any of the companies that

MR. SIMMONS: are doing business with the government. The Minister of Public Works made a statement to the House on March 10, in which he indicated that there were sixteen companies. Obviously at least these sixteen companies have to be, the dealings with these companies have to be investigated. At least those sixteen including by the way, Mr. Chairman, one company called Simmons Enterprises.

MR. ROUSSEAU: Any relatives?

MR. SIMMONS: Well actually I could not find them now. They are not related to me, let me put it this way. But I did not know they existed until they showed up on the minister's list. But they are one of the sixteen companies that he identified.

MR. NEARY: I do not believe there is a share list for them either, because I tried to check the share list of all those companies and could not find that one.

MR. SIMMONS: Is that right? Now, the significant thing, of course, is -

MR. H. COLLINS: I think you are on to something there.

MR. NEARY: Yes, I am on to something that most of these companies were incorporated by lawyers sitting on the government benches, by the way.

MR. J. CARTER: Simmons Enterprises.

MR. SIMMONS: That is an impressive name. That has to be one of the more impressive companies.

MR. NEARY: You want me to name them?

MR. SIMMONS: I do not know why that company was not on the top of the list and why it was not -

MR. DOODY: Yes. It is not relevant, but go ahead.

MR. NEARY: Mr. Marshall, the member for St. John's East, incorporated some of these A.B. Walsh Companies and some of the other companies.

MR. DOODY: So what, what is wrong with that?

MR. NEARY: The minister asked me and I named it.

No innuendoes with me. I shoot straight from the

MR. NEARY: shoulder and I just made the statement and I am prepared to back it up.

MR. SIMMONS: Anyway Mr. Chairman, for the next five minutes I have the floor. I was in possession of that information. I did not think it was relevant and I did not mention it. I did not mention it. It is on the document that is being circulated but I did not see it as being-

MR. NEARY: It is on the share list, too.

MR. SIMMONS: I did not see it as being relevant. As I understand it the gentleman referred to has a nominal share in this capacity as a lawyer. That is my understanding.

MR. NEARY: These nominal shares can be pretty dangerous.

MR. SIMMONS: I do not see it. I remained to the points I was making today and so I did not raise the issue at all. Now, Mr. Chairman, I believe at this particular point I have said essentially what I want to say just let me recap in a couple of sentences, by saying, because I think my time is just about run out, by saying that I believe the purpose that we have pursued here today will be well served if the minister can see to it that the form of the enquiry is made known to the House before they insist on our going through the last money bill. I believe that is possible in view of the expeditious way it was done before in relation to the television set. The Minister of Justice is shaking his head somewhat, If there is a particular bind there give us the government's thinking a day or so from now on where you are at that particular time. What is possible is possible, some things are not. But we have achieved a fair amount today. We have agreed that there ought to be some kind of an enquiry. Now I believe if all concerned over there would get their heads together perhaps they can agree on the form in the next couple of days. If there is some reasonable reason why it cannot be done, just tell us. But otherwise I would like to know before I have to shut

MR. SIMMONS: up talking on the last money bill.

I would like to know exactly who keeps the time around here. We started at 8 o'clock, the minister spoke for a while -

MR. DOODY: I was just a minute or two.

MR. SIMMONS: I see, okay.

MR. DOODY: I just tested the water to see if we were past the -

MR. SIMMONS: Okay, fine, alright.

MR. MURPHY: You can make a lot of sense in two or three minutes.

MR. SIMMONS: Yes, and the minister is one who can say a lot in two or three minutes.

MR. MURPHY: Just like the foghorn.

MR. SIMMONS: So if we can have some indication as to what form the enquiry will take I will feel a lot happier about co-operating on the last of the money bills, whenever it is called. I hope it will not be called until Thursday at least.

MR. HICKMAN: Mr. Chairman.

MR. CHAIRMAN: The hon. House Leader.

MR. HICKMAN: I was not here during the debate today and obviously it would be less than prudent for me to comment on the matters that came up during the debate. All I can say is that the hon. the Minister of Finance, speaking on behalf of the government, said that there would be a public enquiry. That is a firm, irrevocable commitment. When a minister speaks in this House and gives that kind of commitment there can be no doubt at all but what there will be a public enquiry.

Now, Mr. Chairman, there has been all sorts of loose talk about royal commissions, public enquiries and police investigations. So that there can be no misunderstanding, the only type of enquiry that can be held in this Province and can be very broad in the nature of this enquiry and that has the power to subpoena witnesses

MR. HICKMAN: and documents and anything else and which always ends up with the last term of reference that anything else the commissioner may deem appropriate or relevant thereto.

MR. SIMMONS: Except one enquiry.

MR. HICKMAN: No, not even one enquiry, Mr. Chairman.

MR. SIMMONS: The television one did not have that term.

MR. HICKMAN: That is very easy. The television one was restricted to a specific charge made in this House. And again I cannot, I will not be -

MR. SIMMONS: Hoisted on his own petard.

MR. HICKMAN: No, no, Mr. Chairman. Every enquiry except where you have a specific-and I mean specific in the sense of one item. Obviously I cannot comment on that enquiry that is presently ongoing. I simply would say -

MR. SIMMONS: Of course you can. It is not a court proceeding, 'Alec.'

MR. HICKMAN: I would hate to be the one that would have to defend that before the Commissioner. I would say that ordinary prudence would dictate and suggest the wisdom of awaiting the decision on that particular point. With respect to the other enquiries they are all under the Public Enquiries Act, sometimes if the commissioner is a judge you hear the phrase 'judicial enquiry.' And I suppose it is a judicial enquiry in the sense that the judge is a judge is a judge and he also takes with him whenever he goes the other powers that he has. And that is why I would question the right to comment on a judicial enquiry as opposed to another enquiry, but that is not too relevant under the Public Enquiries Act.

The procedure that is followed and the only procedure that can be followed, Mr. Chairman, with respect to the appointment of an enquiry is-and I am told that the commitment has been made and I know this is government's decision - that it will be a very broad enquiry, that the terms of reference are drafted by someone, a solicitor in the Department of Justice, and I would say that he would want to read a transcript of today's evidence and the Auditor General's report to find out what it is all about. Having

MR. HICKMAN:

done that then the other thing is you have got to find a commissioner, And we are starting to run out of commissioners, let me tell you, in this Province.

MR. NEARY: There are so many scandals you cannot keep up to them.

MR. HICKMAN: Mr. Chairman, if there are scandals the last thing you would do is have a public enquiry because public enquiries give you a chance to vent all evidence under the protection of the Canada Evidence Act. Having done that, one of the things that you have to indicate to the commissioner the type of enquiry that you have in mind. Any good commissioner wanting to conduct a very broad enquiry will insist on having a look at the draft commission so that if they are not broad enough, so that if they restrict him in any way, or if he thinks that it needs to be broader to deal with the issues that are there he will instruct that it be done. And that takes a fair amount of going and doing and work. For instance, this administration announced an enquiry, the Gushue enquiry within a matter of a day. It took, I would say, three weeks

Mr. Hickman:

or more to work out the terms of that to make sure that it was so broad that there would be nothing left out and that the commissioner would have that broad terms of reference that he felt that was necessary to look into all of the operations.

You know, the Chafe enquiry would have been simple, if restricted -

AN HON. MEMBER: It is not the Chafe enquiry?

MR. HICKMAN: No. It is quite different because you would have, in the Chafe enquiry, restricted it to the Chafe home. But there the decision was, and a very proper one, that it would be into the operation as well of other homes throughout the Province. You had to make it sufficiently broad. And this has been done time and time again.

The point I am trying to make to the hon. gentleman for Burgeo-Bay d'Espoir (Mr. Simmons) is that I seriously doubt if everybody went to work tonight that you could do that sort of thing within a week. Suffice it to say, and I repeat, that there is a firm government commitment, and when a minister of the Crown makes that kind of commitment, that there will be a broad term of enquiry under the Public Enquiries Act it will be done and it will be done as expeditiously as possible.

The other alternative, and you cannot have both, it has got to be one or the other really, the other alternative is let the police investigate it.

MR. NEARY: : Hear, hear!

MR. SIMMONS: That is not a bad idea.

MR. HICKMAN: Then there is no enquiry. You cannot have your cake and eat it.

MR. SIMMONS: Oh, no! Oh, no!

MR. HICKMAN: That does not serve the kind of purpose, in my opinion, that is necessary, that is required here. For instance, police enquiries must by their very nature be absolutely confidential. It occasionally gets out, as it has in this case and in some others,

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that the police are enquiring into a particular matter. And that is regrettable because no one, but no one should even know that the police are enquiring into any particular individual or any particular transaction. Because, number one, the evidence taken by the police is not under oath and cannot be under oath. Number two, the people giving the statements to the police are not and cannot be subject to cross-examination. Number three, when the police complete their investigation they submit the report to a Crown prosecutor, he goes through the evidence very carefully; he may come to the conclusion that additional evidence is required before he can make up his mind, and make a decision as to whether or not he should lay a charge, and he may send it back. All the time this is going back and forth, particularly into what I call accounting-commercial investigations; by their very nature they take months and months and months and months, and there is a lot of back and forth all of the time. When it becomes public that person or persons or company is under suspicion, he is being investigated. And no matter how you look at it people will say, John Jones is not going to be investigated if they do not think there is something to investigate.

So when that investigation is completed the Director of Public Prosecutions or one of his prosecutors may go through it and say, Look, there is no evidence of any criminality here. None. Writes the police and says, No charge. File closed. That is the end of it. That file must forever remain absolutely confidential. Then you have the very shocking situation -

MR. J. CARTER: Although there may be something unethical which could be disclosed.

MR. HICKMAN: Ethics and that sort of thing is not a question that comes out in a police investigation. They would not be allowed to direct their attention to it. They had to decide whether there is evidence available to indicate a

Mr. Hickman:

breach of the Criminal Code of Canada. Nothing else. That is what police are for.

Now the police cannot find the evidence or alternatively the evidence they find is not sufficient to prove - and remember, the law is very clear, and it has been this for thousands of years, every since the British system started, that a person is innocent until proven guilty. And secondly, in order for a person to be convicted of an offence he or she must satisfy a jury, not beyond doubt, but beyond all reasonable doubt. So what a prosecutor has to direct his attention to is is there sufficient evidence that will enable the Crown to discharge its responsibility to prove beyond reasonable doubt? If he comes to the conclusion that there is not, that person or company is completely and absolutely innocent, the presumption continues. But when it has become public knowledge that a person has been investigated by the police, and nobody hears anything about it after, I am not allowed to stand up publicly and say, I have a file that is in the hands of the Director or Public Prosecutions and there is nothing to warrant a charge. That only adds more fuel to the fire. I mean, if you did that every time there was an investigation in Newfoundland I would have to make a public statement afterwards.

MR. NEARY: That is not right.

MR. HICKMAN: And that is what I say, the very grave danger, and this is something that has been developing in this Province in the last two or three years, and why as a matter of practice I never make a comment when once the police start to investigate any case. We are getting into the dangerous

MR. HICKMAN:

practice of by innuendo, by charges sometime within the protection of this House, we are getting into a very dangerous situation of casting serious aspersions on innocent people. And remember, a person is innocent until that jury brings in a verdict of guilty. And this may sound like motherhood but it is not motherhood, to me it is a very serious principle that I have grave fears that we are moving away from. In this particular case, because of the debate that has transpired here today, the cruelest, the most McCarthy type of approach that could be used would be a police investigation as opposed to a public inquiry.

AN HON. MEMBER: Which would you prefer, a police investigation or an enquiry?

MR. HICKMAN: The public inquiry. If a public inquiry - remember now, a judge sitting with the right to hear all of the evidence, if during the course of the hearing or at the conclusion of the hearing and cross-examination of any witness, and judges are very skilled in this in getting out the facts, if in his deliberations and hearings he sees evidence which indicates that a criminal offence may have been committed then, as has been done in other inquiries, he will direct that to the attention of the Attorney General. He may make ten findings, nine of which deal with administrative procedures, with good policies or bad policies or he recommends us changes in policies, he recommends change in legislation, he interprets existing legislation. These may be nine recommendations. Number ten, he may say that during the course of - and he has a duty to say it - during the course of this inquiry I have heard evidence which indicates that John Jones has committed the offence of and I therefore direct that a copy of my report be submitted to the Attorney General for whatever action he deems appropriate.

Now I have had people say to me, when you get that kind of a report why do you not immediately go out and charge John Jones, walk into court and say, My Lord or Your Honour, I table here with the report

MR. HICKMAN:

of Mr. Justice Smith which found that John Jones has defrauded the Government of Newfoundland to the extent of blank dollars. You cannot do that. Then the police have to go out - and I know it is time consuming but our whole criminal law is designed to protect the innocent and to put the onus on the Crown to prove, as I repeat, beyond reasonable doubt the guilt of a person - the police have to out, take the evidence. Now their investigation is aided a great deal because they do have in their possession all the sworn evidence that has been given before the inquiry.

AN HON. MEMBER: Sworn?

MR. HICKMAN: Sworn evidence. All evidence is given under oath. And the sworn evidence is given before the inquiry. Then they can take that and do their enquiry. I would say nine times out of ten they are then going to come up with the same evidence which would warrant the kind of charge being laid that the commissioner indicated he felt should be looked into. And that is done. But again, one has to be - I have been in this position so often since I have been Attorney General when I could have made political points, political kudoes by driving an inquiry and saying, "Look what the commissioner, Mr. Justice So-and-So found with respect to John Jones. We must prosecute him right away. I am going to issue instructions to the Director of Public Prosecutions to get on with this case and get on with the prosecution. And everybody says that is the way we need to handle that kind of thing and get on with this case." And it would be great. You know, everybody says that is the thing to do. But I would hate to think as to what I am doing to an accused person. I tell you what I am doing. I am pretty well guaranteeing his acquittal. Because even the most junior lawyer would immediately stand the day the charge is laid in a court of law and say, Your Honour, my client's right to a totally fair and unbiased trial has been prejudiced by public statements made by the Attorney General - or public statements made by other people in positions of responsibility. This is why

MR. HICKMAN: I have to listen and I hear statements being made that I know are untrue, totally untrue. I cannot respond. I do not ever want, no matter how tempting it is, to be placed in a position where I even have to confirm that a particular person in this Province is being investigated. Think of it from a practical point of view: Every day of the week police get calls and complaints laid against residents, individual or corporate, in this Province. They go out and they do investigations. A high percentage of them turn out to be absolutely without foundation, or certainly, insufficient evidence. Now, if the public were ever aware that these investigations were going on, you know, you are killing people who have no opportunity to defend themselves. They can defend themselves if they are charged in a court of law, and defend themselves well; and if they are convicted in a court of law you can rest reasonably certain that the conviction is proper. If it was not proper, there is an appellate procedure that allows a second court and then a third court to take a look at it and review it. These are protections that are so fundamental to the administration of justice anywhere that no matter how tempting it may be politically to make charges, I, for one, would not be a party to it.

On Friday here, during this same day on this same bill, there were statements made by the honourable the Leader of the Opposition which concerned me. I wish he were here tonight. He talked about certain things relating to the Premier. He did not make any charges against the Premier. He said, "I have been told by people, and I do not know if they are right or wrong"

So he is not making a charge. He is technically within his rights.

He is not slandering anyone directly. "I do not know if they are right or wrong, but I have been told, and I have no reason to disbelieve those who told me, that somebody bought a box of shells or something in Burgeo", and when the Premier comes in and denies it -

MR. N. WINDSOR: The Leader of the Opposition says that he did not buy them.

MR. HICKMAN: Oh, did not buy them. No, but somebody bought them for him.

MR. N. WINDSOR: No, they were given to him.

MR. HICKMAN: Or given, or whatever it is. But, he said, "I do not know if they were or not"-

MR. N. WINDSOR: Not sure.

MR. HICKMAN: "I do not know if it is true or not. I was told and I have no reason to disbelieve it". The honourable the Premier comes in and says, "That is not true". The reply that came from across the House was, "Table the documents". Now, that surely is an absolute turnabout from everything that anyone in this House believes in.

MR. NEARY: What is wrong with (Inaudible) being asked to table a report?

MR. HICKMAN: If I make an accusation, I am the one that must produce the evidence. If I cannot produce the evidence -

MR. LUSH: Then you had better not make it.

MR. HICKMAN: - then I had better not make it. But, to say,,you know, the honourable the member for -

MR. DOODY: Prove you are not beating your wife.

MR. HICKMAN: That is right. The honourable the member for the Funks is beating his wife, and the honourable the member for the Funks gets up and says, "That is not true", and say, "Well, produce your wife to show that there are not any marks on her". It is just absolutely crazy. You know, it just does not make sense. But this is where I see this House heading. You know, this is where I see the House is heading and it is a dangerous path for us to be following. But that is -

MR. BRETT: The main thing was: When did you stop beating your wife?

MR. SIMMONS: Surely, my comments here did not elicit that response.

MR. HICKMAN: No, no. I am not talking about that. The hon. gentleman in his capacity of the Public Accounts Committee set forth

MR. HICKMAN: certain allegations. Bearing in mind that we are going to have an enquiry, I use the word 'allegations' -

MR. SIMMONS: At no time did I call them allegations. I set forth some information -

MR. HICKMAN: Or findings, or whatever you wish. But facts, findings - when you get into an enquiry they become allegations because the enquirer has to find out whether they are factual or not, and assess whether they are. What I am saying is, that kind of approach is very, very proper. Having shown, as the hon. gentleman apparently did today, and I was not here - that based on the Auditor-General's report and the sittings of the Public Accounts Committee, that the trading between the Department of Public Works and Services and certain people in Newfoundland doing business should be looked at by an unbiased committee with the power to subpoena witnesses and documents, the Government reacts very promptly and says, "We will do it", and it will be done.

MR. SIMMONS: May I just interject for a moment?

MR. HICKMAN: Sure.

MR. SIMMONS: Just for correction, of course. The Minister, in essence, is right in what he is saying. I just want to say that I did not overtly draw on the Public Accounts Committee today because we cannot discuss proceeding of the Committee before we table its report in the House. What I did do today, and this does not subtract from what the Minister has said, I did bring forward certain information and it was not information that had come to us particularly in Committee,

MR. SIMMONS:

although as it happened some of it did. But I also made reference to other information that came to me as an individual, maybe because of my fairly high profile as a member of the House or as Chairman of Public Accounts. But I was not today obviously speaking on behalf of the Committee. I was making the Committee here, this Committee, aware of certain information that had come to my knowledge through various sources.

MR. HICKMAN: Right. As I say, I think the hon. member from Burgeo-Bay d'Espoir (Mr. Simmons) and myself are ad idem on that. What I am saying is that I think that he used the right, correct approach. Any persons who have made allegations to him will now be put to the test. Whoever has reported anything to the hon. the member for Burgeo-Bay d'Espoir (Mr. Simmons) must now appear under oath. He or she will be very severely cross-examined with the protection of the Canada Evidence Act and then a judge will decide whether that is true or untrue. It is as simple as that. What I am dealing with here is the two alternatives, one suggested by the hon. member for Burgeo-Bay d'Espoir of a public inquiry, which government says we will do, the other suggested by the hon. the member for LaPoile (Mr. Neary) that it should be a police inquiry. I say that a police inquiry will not accomplish what this House wants. The police inquiry - I could get up here tonight and announce that there is a total police inquiry of the whole thing. Not another word will be spoken about this again until that police inquiry is finished two years, three years, four years hence. And it may never be heard of because the police inquiry may prove nothing. But forever and a day there would be suspicion in the minds of hon. members in this House and in the minds of Newfoundlanders that there must have been something or the police would not have been investigating it, and why did they not prosecute?

AN HON. MEMBER: A cover-up.

MR. HICKMAN: Or a cover-up or something like that. That is the kind -

MR. NEARY: The R.C.M.P. do not cover up.

MR. HICKMAN: No.

MR. NEARY: The hon. member should have found out what is happening in New Brunswick. The R.C.M.P. do not cover up.

MR. HICKMAN: Mr. Chairman, it is not a question of the R.C.M.P. covering up. The R.C.M.P. -

MR. NEARY: But a royal commission of inquiry can cut all kinds of -

MR. HICKMAN: That is - no,

AN HON.MEMBER: That is what I say.

MR. NEARY: Oh, yes they can.

MR. HICKMAN: A commission of inquiry presided over by a judge and nothing could be more impartial -

MR. NEARY: And a lawyer picked by the administration.

MR. HICKMAN: No, no.

MR. NEARY: Oh, yes! Oh, do not tell me but ask me.

MR. HICKMAN: No, well I can tell you.

MR. NEARY: Well I can tell the hon. gentleman.

MR. HICKMAN: I can tell you, Mr. Chairman, that as a matter of courtesy the judge is asked to suggest who he would like to have as his -

MR. NEARY: Oh, as a matter of courtesy.

MR. HICKMAN: That is right. That is right.

MR. NEARY: Oh, I see.

MR. HICKMAN: Sure.

MR. NEARY: So then you pick a good Tory lawyer to make sure a good hatchet job is done.

MR. DOODY: There are no bad Tory lawyers.

MR. HICKMAN: That would be a terrible reflection on any judge of this

MR. HICKMAN:

court, Mr. Chairman, that his decisions would be influenced by anything other than the facts and that he has not got the ability to see to it that all of the facts are brought out.

MR. NEARY: I will deal with the hon. gentleman in a minute.

MR. HICKMAN: I cannot think of any judge in Newfoundland - I will say without fear of contradiction - there is not a judge in Newfoundland today who has not the experience, the competence, the integrity and the ability that even without a lawyer, if there was not a lawyer present -

MR. NEARY: He would be better off without him.

MR. HICKMAN: - that he would not see to it that every fact that is relevant to that inquiry is brought before him. And that is why I say, Mr. Chairman, the proper procedure, so that no one in Newfoundland ever gets tarnished by innuendo or by accusations under the protection of this House, is by means of a commission of inquiry under the Public Inquiries Act. And I repeat, if a commissioner, acting under the Inquiries Act sees any evidence which suggests criminality in any way on the part of any person coming before him, he will refer it then to the authorities for any criminal action is deemed appropriate and is invariably taken. I cannot think of a case when it was not taken. In fact, I do not know of a case when it was not taken, where a commissioner has said I direct to the attention of the Attorney General of the Lieutenant-Governor in Council that in my opinion there should be some evidence taken. Now you will get the best of both worlds by that public inquiry system, you do not under the police inquiry by itself. And that is why, Mr. Chairman, I repeat that government will as quickly as humanly possible and as soon as we can find the person to act as a commissioner,

MR. HICKMAN: appoint a commissioner. And these commissions, you know, should not be simply regarded as a little witch hunt. Out of every commission to my knowledge that has been set up for any major enquiry there have been some fairly strong recommendations which have been implemented by whatever government has set it up to eliminate difficulties which have arisen which cause the setting up of the enquiry in the first place. And this is why it is so beneficial and so necessary, and in this case I think in the name of decency and fair play to go the enquiry route and that is why government so readily exceeded to the recommendation from those opposite.

MR. NEARY: Mr. Chairman,

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Sometimes in this hon. House, Mr. Chairman, you have to have a strong stomach and after listening to the hon. gentleman preach to us about judicial enquiries there for the last half hour or so it is a wonder that we all have not thrown up on the floor of the House. The hon. gentleman talking about McCarthyism and about casting aspersions on innocent people. Well, Sir, I would like to draw the hon. gentleman's attention to page thirty-seven and thirty-eight of the Auditor General's report with reference to the Shirley Blanche.

MR. HICKMAN: Was that an enquiry?

MR. NEARY: No, it was not an enquiry. There was not even a police investigation, not even a police investigation. The only time in the history of mankind that two Newfoundlanders were hauled before the Grand Jury after a magisterial enquiry and the hon. Minister of Justice allowed it to go on without a police investigation.

MR. HICKMAN: No, Sir.

MR. NEARY: It never happened before in the history of Newfoundland, A private prosecution brought on by the member for Placentia East at the time, Mr. Fintan Aylward, and the hon. Minister of Justice allowed these two Newfoundlanders to have their names dragged down in the mud and one of them happens to be my brother-in-law and they have not lived it down yet.

MR. HICKMAN: They were acquitted.

MR. NEARY: They were acquitted but they will never live it down.

Mr. Chairman, every time one of these gentlemen goes to look for a job, goes to borrow money it is slapped up to them and the hon. Minister endorsed that and condoned that.

MR. HICKMAN: Not true.

MR. NEARY: That is true, Sir. The hon. gentleman's department, of which the hon. minister is the head, the hon. minister has to take the rap for the department the same as the Minister of Public Works. And the Minister of Justice has the gall to talk about McCarthyism and casting aspersions on innocent people. The minister owes these two people an apology and this will never be straightened out until the hon. gentleman has the courage of his convictions to stand in this House and say, the government, the Justice Department was wrong in what
to clear the good name of these two Newfoundlanders.

Then we hear about casting aspersions on innocent people. That thing has been on the go now since 1973, I think it is, and the Auditor General reminds me of it every time I pick up his report. There is another charge against the Shirley Blanche. We are told that expenditures during 1975 - 1976 the Department of Justice paid amounts totalling \$9728. This is one year, but in the year before it was much more than that, relative to the guarding and escorting of the motor vessel Shirley Blanche.

Mr. Chairman, I do not know if hon. gentlemen are aware of the story of the Shirley Blanche but it should be told over and over and over and over again in this hon. House where two men went down to the Bank of Nova Scotia and bought the Shirley Blanche and paid \$7500 for it and went out to Lewisporte and were not allowed to take custody of their boat and had to get the protection of the RCMP.

MR. J. CARTER: I am getting poisoned.

MR. NEARY: Poisoned my eyeball! The hon. gentleman does not know what poison is until he hears the story of the Shirley Blanche and I

MR. NEARY: cannot tell the whole story but I will tell it briefly in a nutshell. The minister knows the story and the two gentlemen had to get the protection of the RCMP to take custody of a boat that they had bought from the Bank of Nova Scotia. And when they got it, when they did finally get custody of the boat Mr. Fintan Aylward, who was representing the gentleman who had the mortgage on the boat and the bank sold it to recover the mortgage, got Mr. Fintan Aylward, his buddy, and Mr. Fintan Aylward holding a mortgage on that boat himself, a second mortgage, to launch a private prosecution. There was a magisterial enquiry. It was passed on to the Justice Department and then it was put before the Grand Jury. And then the Grand Jury in about fifty seconds threw it out and scalded the Justice Department for being so foolish as to bring it

Mr. Neary:

in, but in the meantime the publicity that these two gentlemen had gotten, it practically ruined their good names and their reputations. How can the minister rectify that? And it should be rectified. The minister knows that, the wrongdoing that took place in this particular instance. Then I have to sit here -

MR. HICKMAN: They were committed by a magistrate.

MR. NEARY: They were not committed by a magistrate.

MR. HICKMAN: They were so.

MR. NEARY: The magistrate had it. There was a magisterial enquiry and the report was sent to the Justice Department.

MR. HICKMAN: No.

MR. NEARY: Yes, Sir. And there was no police investigation, that is the significant thing. Never a police investigation! How can the minister explain that?

MR. HICKMAN: I went through this before here, Mr. Chairman.

MR. NEARY: Well, the minister is going to have to go through it again.

MR. HICKMAN: In the magisterial enquiry all people were represented by counsel, at the end of which the magistrate passed the only order that he can make under the Criminal Code, he ordered them to stand trial.

MR. NEARY: There was no police investigation, Mr. Chairman. How could the magistrate order anybody to stand trial without an investigation?

MR. HICKMAN: Because he -

MR. NEARY: I mean, does the hon. Minister of Justice think we are all stunned or naive?

MR. HICKMAN: Because he has the sworn evidence of all the witnesses that were called.

MR. NEARY: What witnesses?

MR. HICKMAN: There had to be witnesses called.

MR. NEARY: Mr. Chairman -

MR. MARSHALL: What relevance is this now?

MR. NEARY: It is relevant because the hon. gentleman just brought it up, and I will get around to the hon. gentleman who holds qualifying shares in these A.B. Walsh companies shortly. And you can call them qualifying shares all you like; as far as I am concerned they are full-fledged shares if you allow them to go on for more than three to six months.

MR. J. CARTER: What did these gentlemen do?

MR. NEARY: These two gentlemen did nothing.

MR. J. CARTER: What were they alleged to have done?

MR. NEARY: They were alleged - they were charged with theft. They were charged - under the Criminal Code, by the way - without a police investigation.

MR. J. CARTER: Theft of a boat?

MR. NEARY: Theft of a boat they they bought and paid for.

MR. HICKMAN: Yes, there are all kinds of private prosecutions -

MR. NEARY: Well, Mr. Chairman, -

MR. HICKMAN: - one underway right now.

MR. NEARY: There was a private prosecution brought in under the - they were charged with theft under the Criminal Code.

MR. J. CARTER: They paid the wrong person.

MR. NEARY: No, they paid the bank. The bank. They paid the right person. And they had the receipt.

MR. J. CARTER: The bank did not have the right, that it?

MR. NEARY: The bank did have the right to sell the boat.

AN HON. MEMBER: Is this relevant? It is not relevant. but anyway let it go.

MR. NEARY: And I would like to see the minister - Before the minister can convince me that the hon. gentleman is so sanctimonious to preach to us about McCarthyism and cast aspersions on innocent people, the minister should clear up that situation, of which these two gentlemen and their families are still paying the price. Some day I am going to deal with it at greater length when we get on a

MR. NEARY:

more appropriate -

MR. J. CARTER: Settle it now by leave.

MR. NEARY: No, I cannot settle it by leave. It is impossible.

MR. N. WINDSOR: No leave granted.

MR. DOODY: A duel.

MR. NEARY: I beg your pardon?

MR. DOODY: It would be a duel.

MR. NEARY: Well I guarantee you it is a jewel in the administration of justice in this Province. It is a laughing stock amongst the judiciary and the lawyers of this Province, and I talked to a good many of them about it at one time or another. Well, the less said about it at this moment the better. But the minister always gets my dander up when the hon. gentleman gets up and his fingers pointed off straight, blood pressure going sky high, preaching to us about judicial enquiries and casting aspersions and McCarthyism. And I know all about judicial enquiries because I felt the brunt of the minister's terms of reference. And the minister can tell this House all he wants, but I happened to be a minister at one time myself and I know that some day the minister is going to come trotting up to the Premier's office and then into Cabinet and say, Gentlemen we have here the terms of reference for the judicial enquiry, and the Premier and the Cabinet will go over them with a fine-toothed comb and they will say, No, strike that out. Put this in. Leave that out. Put this in. I mean, who is the minister trying to cod?

MR. HICKMAN: Where would the commissioner be in all of that?

MR. NEARY: The commissioner will not even be appointed at this time.

MR. HICKMAN: Do you think a commissioner would accept terms of reference -

MR. NEARY: Mr. Chairman, that is not the point I am making.

The hon. gentleman -

MR. HICKMAN: Do not be so foolish, 'Steve'.

MR. NEARY: The hon. gentleman gets the point I am making.

MR. HICKMAN: No.

MR. NEARY: The hon. gentleman tried to leave the House with the impression that the law officers of the Crown will write the terms of reference. And they probably will.

MR. HICKMAN: Right.

MR. NEARY: But then they will very rightly so bring them in and present them to the Minister of Justice.

MR. HICKMAN: Right.

MR. NEARY: And the Minister of Justice will look them over and if he wants to make any changes he will tell his law officers or he will say, Look, I would recommend you put this in or take this out, and then they are taken, Sir, to the Cabinet and it is a political decision.

MR. HICKMAN: I know where they are when -

MR. NEARY: It is a political decision and do not try to cod this House, because I have sat in on discussions on terms of reference.

MR. HICKMAN: You conveniently left out the third step.

MR. NEARY: The third step then is the appointment of the -

MR. N. WINDSOR: In the former administration.

MR. HICKMAN: No, no, the third step -

MR. NEARY: - commissioner and then to give him the terms of reference.

MR. HICKMAN: No.

MR. NEARY: And you can camouflage -

MR. HICKMAN: No, no.

MR. NEARY: - terms of reference all you want.

MR. N. WINDSOR: That was in your day.

MR. NEARY: You can

MR. NEARY: put all kinds of words in and twist and turn. Do not tell me about it. I saw that Bell Island enquiry when the minister threw in everything but the kitchen sink, including the disposal of the DOSCO assets and then had to back away from it, it was never finished. That is another story that should be told. They did not even go ahead with it. Did not even go ahead with it.

MR. MARSHALL: (Inaudible) resign.

MR. J. CARTER: Sounds beautiful.

MR. NEARY: Mr. Chairman, if I were the hon. gentleman for St. John's East (Mr. Marshall) after the debate that took place in this House today, and the hon. gentleman with his name on the share list of the A.B. Walsh companies, I would resign. I know the hon. gentleman is going to spring to his feet now, because I can provoke him and get him up. No trouble for me to get the hon. gentleman up. All I have to do is call him Old Scatter-Day and he is on his feet.

MR. MARSHALL: The only living Newfie joke.

MR. NEARY: And the hon. gentleman will get up and say, Oh, they are only qualifying shares. The hon. gentleman is not a full-fledged shareholder. Can the minister of Justice tell me how long you leave your name on the share list and are considered as a qualifying shareholder of a company? How long?

MR. HICKMAN: Until your client tells you to transfer it to him.

MR. NEARY: The Registrar of Companies, Sir, tells me that the true share list of any company has to be shown by the end of March of every year.

MR. HICKMAN: That is right. You are still qualifying but it is a trust between you and your client.

MR. NEARY: After that you are not a qualifying shareholder.

MR. HICKMAN: You are.

MR. NEARY: After that you are a full-fledged shareholder of that company, whether you like it or not.

MR. J. CARTER: That slimey -

MR. NEARY: Your honour heard that remark and I ask Your Honour to ask the gentleman for St. John's North (Mr. J. Carter) to retract that statement, Your Honour, it is unparliamentary. I believe it has been ruled on before.

MR. CHAIRMAN: Order, please! The hon. member has objected to - the word, I believe, used was 'slimey'. I would rule that that is an unparliamentary word and I would ask the hon. the member for St. John's North if he would withdraw it.

MR. J. CARTER: Mr. Chairman, certainly I withdraw it, although I must say the hon. gentleman is getting our dander up by his assertions.

MR. NEARY: Mr. Chairman, in my opinion it has to be an unqualified withdrawal and I ask Your Honour to repeat the order to the gentleman or name him, Your Honour.

MR. CHAIRMAN: In my understanding the hon. gentleman did withdraw. He added a remark as to why he made the remark but I do not think it detracts from his withdrawal. I think the hon. member has complied with the ruling.

The hon. the member for LaPoile.

MR. NEARY: Mr. Chairman, the hon. gentleman talked at great length about the procedure of public enquiries. Well, Sir, the great weakness in the public enquiry system is that although people are allowed to bring their solicitor before a public enquiry, the solicitor is not allowed to cross-examine any witnesses.

MR. NEARY: It is a kangaroo court. I do not know whether the hon. gentleman realizes that or not.

MR. HICKMAN: No, I cannot imagine any judge presiding over a kangaroo court, not in this Province.

MR. NEARY: Mr. Chairman, it is a kangaroo court in as much as the solicitor representing an individual or a group is not allowed to cross-examine witnesses.

MR. J. CARTER: That should be withdrawn.

MR. NEARY: That cannot be withdrawn because it is true.

MR. J. CARTER: Is that why you did not resign?

MR. NEARY: Is it true, Mr. Chairman?

MR. HICKMAN: All I know is that I pick up the paper and see cross-examinations going on right now in enquiries that are presently before public commissioners.

MR. NEARY: Mr. Chairman, do you know how a solicitor - first of all, as I said a few moments ago, the commission has its solicitor recommended by the Crown, usually a Tory.

MR. J. CARTER: That is contempt of court.

MR. NEARY: No, it is not contempt of court, Sir, it is just pointing out a need for reforms in our public enquiries system. Then anybody else who has a solicitor has to whisper a question in the ears of the solicitor representing the enquiry, you whisper in his ear or you write him a note and say, Could you ask the witness this and then the solicitor for the enquiry will put it in his own way, whatever way he wants to ask the question and the lawyer representing the individual or group has no right to cross-examine except through the commission's lawyer. Now is that not correct?

MR. HICKMAN: Or through the judge.

MR. NEARY: No, Sir, the lawyer,

MR. NEARY: Mr. Chairman, the lawyer representing the individual or group, other than the lawyer who is hired by the commission, cannot even ask the judge. Does the minister realize that?

MR. HICKMAN: It is open and free they say.

MR. NEARY: Open and free my eyeball!

MR. HICKMAN: There are a couple on there now. Go down and watch them.

MR. NEARY: Mr. Chairman, go down and watch them! I spent a year and a half, never missed a session, watching one in action!

MR. HICKMAN: Go down and watch them.

MR. NEARY: I watched one for a year and a half, so I know what goes on. Has the minister ever gone and watched one?

MR. HICKMAN: I have appeared before enquiries by the dozens when I was in practice. I admit that some commissions have an absolute jurisdiction to see which procedure they want to follow or approach to get all of the evidence or all of the truth before them and they use different methods.

MR. NEARY: We were told there a few moments ago that the thing was free-wheeling and wide open.

MR. HICKMAN: Within the rules of evidence.

MR. NEARY: Oh, I see. That is a different quintal of fish now.

MR. HICKMAN: Well I would hope that nobody is suggesting that we depart from the rules of evidence which says the truth the whole truth and nothing but the truth and not gossip.

MR. NEARY: Well, the impression the minister left with the House there a few moments ago was that everything was free-wheeling. You would do what you like, the truth would be bound to come out. Now the minister is changing, he is shifting his ground a little bit.

MR. HICKMAN: Do you want an enquiry?

MR. NEARY: Mr. Chairman, that is why I contend, Sir, that the thing to do is to call in the R.C.M.P. Commercial

MR. NEARY: and Fraud Squad and turn them loose into the Department of Public Works. There will be no cover up. There will be no suppressing of information or evidence. There will be no mixing words with terms of reference. Mr. Chairman, let nobody cod this Hon. House. The terms of reference for every enquiry is a political decision.

My hon. friend the Minister of Finance and my hon. friend the Minister of Public Works whose department will be the subject of the judicial enquiry will have say in the terms of reference.

MR. CHAIRMAN: Order, please! Order, please! I think it is the duty of the Chair to bring to the attention of hon. members part of one section in Beauchesne because I think that this may contribute to the tenor of the debate. I am referring to subsection 4 of section 152 which reads as follows: "All references to Judges and Courts of Justice and to personages of high official station, of the nature of personal attack and censure, have always been considered unparliamentary. and the Speakers of the British and Canadian Houses have always treated them as breaches of order. Members have even been interrupted in Committees of the Whole by the Chairman when they have cast an imputation upon a judicial proceeding. The proper course for a person who feels called upon to attack the conduct of a judge is to proceed by way of a petition in which all the allegations are specifically stated so that the person accused may have full opportunity to answer the charges presented against him."

In bringing this to the attention of the Committee I do not in any way imply that the restrictions cited in this paragraph have been overstepped. But I would feel that the Committee would like to know that Beauchesne does view suspicions or imputations cast upon courts and upon judges in their official capacity as being unparliamentary.

MR. NEARY: Mr. Chairman, I think the House would appreciate that piece of information, Your Honour. But, of course, Your Honour realizes that it is the system that I am attacking and the procedure.

MR. J. CARTER: Does not know the rules.

MR. NEARY: I beg your pardon?

MR. J. CARTER: The hon. member does not know the rules.

MR. NEARY: The hon. gentleman does know the rules, and that is why I am in order. And Your Honour is quite right in quoting the section of Beauchesne that Your Honour quoted. But what I am attacking is - and Your Honour went to great pains, by the way, to say that this had nothing to do with what I was saying, except Your Honour wanted to bring it to the attention of the Committee.

AN HON. MEMBER: You figured the member for St. John's North (Mr. J. Carter) might step -

MR. NEARY: Might step out of line and might have to retract and apologize to the House, as the hon. gentleman has so often had to do. Because, I suppose, he spends more time retracting and apologizing than all the other members of the House put together, that is when we can get the hon. gentleman in the House.

But, Mr. Chairman, I am finished now with that matter of procedure but there is need for reform, Sir, there is need for reform in this matter of judicial enquiries. Personally I would like to see an RCMP investigation, because then there would be no fear in mind that the evidence or the facts would be suppressed.

Now, Mr. Chairman, we are talking about a bill, a tax bill, and that is why we have such a wide ranging debate. And, Sir, we have gotten now, I suppose, a reasonable response to our request for

MR. NEARY:

an inquiry, an investigation into the Department of Public Works. This afternoon for a while I thought it might be a stall just to try to get the bills through and get the legislation passed and get the House closed up. But now we have an official statement by the government that there will be an investigation. And we just have to wait and see what the terms of reference are and what form and what kind of an investigation it is going to be. But, Mr. Chairman, there are other matters in the Auditor General's Report that should be looked at. There are other matters. For instance, on page thirty-three, section (52), the Auditor General lists this one as "Unsound purchasing procedure. On 18 September 1975, the Principal of a District Vocational School initiated a requisition to the Department of Public Works and Services to acquire a helicopter at a cost of \$20,000. This requisition was subsequently increased by \$6,000 on the advice of the Vocational Education Division." Listen to this, Mr. Chairman! "The purpose of the increase was to provide \$1,000 to cover the cost of delivery charges, and \$5,000 to accommodate the supplier's intended donation to the school." Mr. Chairman, the minister says right. Blackmail, that is what it is.

MR. HOUSE: That is right.

MR. NEARY: Yes, but I know what it says. But it is blackmail, Sir. Section (52) of the red book, page thirty-three of the Auditor General's Report, to cover the cost of delivery charges and \$5,000 to accommodate the suppliers intended donation to the school. A purchase order was issued, not for \$20,000 but for \$26,000. "In my opinion," says the Auditor General, "the accounting and administration control aspect of such a transaction were unsound. Net expenditure for 1975-76 is overstated in the amount of \$5,000, while net expenditure of 1976-77 will be understated by \$5,000. It is further noted," so the Auditor

MR. NEARY:

General says, "further noted that no receivable has been set up in the accounts of the Province for the intended donation nor had any been noted on the internal accounts of the Department of Education. I am especially concerned that the Department of Public Works and Services would process a purchase order to effect such a transaction." Now will the Minister of Education tell us if that is how his department operates? If you want to get a job for a helicopter you promise the school or the department or the agency you are dealing with, promise them a donation and you get a helicopter contract. Is that the way the system works, Mr. Chairman? That is what the Auditor General says.

AN HON. MEMBER: Public Works is in a shambles.

MR. NEARY: In a shambles. It is even worst than that. What else have we got in here? But that is another one worth thinking about.

AN HON. MEMBER: Put that in the enquiry.

MR. NEARY: Oh no, that will not go in the enquiry. I have already dealt with the Minister of Justice, amounts totally in excess of \$2,400, charged out by the minister's special assistant and the details of travel as outlined in the standard government travelling claim submitted for reimbursement were to attend to business in the district in Grand Bank on behalf of the MHA for the district.

AN HON. MEMBER: I wish I had one.

MR. NEARY: I wonder if that will be included in the enquiry and that the minister will have to pay that money back to the Public Treasury for having his executive assistant running around politicking for the minister and charging up travelling claims that are not approved by the minister, or not approved by the department, Misuse of authority, the Auditor General calls it.

Now, Mr. Chairman, you can go on and on and on. You could take this whole Auditor General's Report - we kind of got side-tracked this afternoon on the appearance of a major scandal in high places in this Province. But every single item,

MR. NEARY: Sir, in the Auditor General's Report should be gone over with a fine-toothed comb and the administration would soon discover that through bringing in some economy measures that they could save themselves literally millions of dollars. And here is the Minister of Finance in with a bill asking the ordinary people to cough up \$2.8 million, I think it is, \$2.8 million by increasing the tax on insurance premiums by three per cent bringing it up to ten per cent.

Well, all you have to do is take this little red book the Auditor General published this year, go through it and find all kinds of way to economize and save the taxpayers of this Province millions of dollars. So let us not just think that there is only one department involved; there are a number of departments and a number of ways that the government can save themselves all kinds of dollars. And God only knows the hard-pressed taxpayer cannot afford to have another tax whacked on him like the minister is trying to do in this bill.

And so, Mr. Chairman, while I welcome the enquiry into I suppose, the matter that we have been highlighted in this House all day, - the one that smacks of the worse kind of corruption and graft and collusion and influence peddling in high places, while we have got that one I think reasonably settled for the moment anyway until we see the terms of reference, there are a lot of other items in this report that should be gone over before the minister asks us to approve these tax bills that are presently before the House.

MR. CHAIRMAN: Hon. member for St. John's East.

MR. MARSHALL: Mr. Chairman, I wish to pass a few comments about the debate as it is taking place. I shall try to restrain myself but in some respects it will be rather difficult. Allusion has been made to the fact that I am a shareholder in the A.B. Walsh companies. That statement, and that I am a director, that statement is completely without any foundation whatsoever. It emanates from the member for

MR. MARSHALL: LaPoile (Mr Neary) from whom we have become very used to statements of this nature, of like nature. Filed today in the committee has been a Dun and Bradstreet report indicating that Metro Engineering and Construction Limited is one of the companies. If you look at that statement very carefully you will not see my name related to it at all. I did not incorporate the company, I had nothing to do with the operation of the company, I do not know anything about the company, Metro Engineering and Construction Limited.

The next company is A.B. Walsh Electrical Limited or A.B. Walsh Electric Limited, I do not know which. Again in Dun and Bradstreet you will not find the member for St. John's East's name there, and I do not know anything about the company, I did not incorporate it, I have no interest in it at all.

There is another company that occurs on Dun and Bradstreet, Mr. Chairman, Stares Mechanical Limited, that lists as its directors John Stares, president, A.B. Walsh vice-president, directors, the officers and William Marshall. Further on it says, on page 2, the history of the company; it relates to Mr. Stares and Mr. Walsh and it goes on to say Marshall, local lawyer, nominal interest only.

Now, Mr. Chairman, I want to place it on record very, very clearly in this House that I have no interest in Stares Mechanical Limited I never did, I never saw -

MR. NEARY: Well, why not write your name off the share list?

MR. MARSHALL: I never sought any interest of that nature, I have no interest in the Metro Company, whatever it is called, and do not appear as one, or A.B. Walsh. So it is untrue to say that I am a shareholder or director of the Walsh companies as they have been presented to this House.

MR. J. CARTER: He should be in jail.

MR. MARSHALL: As it happens with Stares Mechanical Limited, at the risk of probably being subjected to disciplinary action by the president of the Law Society, the member for Kilbride (Mr. Wells) for puffery, as they call it, I had

MR. MARSHALL: the good fortune, Mr. Chairman, to incorporate well over a thousand companies in my limited practice over the past twenty years. And in that period of time, I suppose in one half of those I appear as a shareholder and/or a director because of the fact that the Company's Act requires there be three shareholders. So you are what is called a nominal shareholder.

So you incorporate a company for somebody and you sign up - husband and wife, very often - you sign up the company and you remain as what they call a nominal shareholder without any interest in the company, without any concern as to its direction other than the fact that they pay you the fee for the incorporation.

I would for instance, be quite amenable to incorporating any company such as a company, for instance, for the protection of the hon. member for LaPoile (Mr. Neary) in his various suits and public inquiries to which he has been subjected from time to time, provided that the member for LaPoile would pay me my fee, and I would sign it up the same way as any of these particular companies. So I have no interest. It is a misrepresentation to say that I have an interest. It is mischievous, if you wish, to say - I mean, I thought I would probably get angry, but who would want to get angry with the member for LaPoile?

Now before I go any further with it, I would like at the same time to thank and to compliment for his responsibility - something that I have heretofore not had the occasion to do - the member for Burgeo-Bay d'Espoir (Mr. Simmons) in his responsible remarks that I heard made when he said that when he tabled this report he well knew that I was only a nominal shareholder and had no interest in the company. I mean, if anybody comes in, if Santa Claus comes in to incorporate a company, Mr. Chairman, as a lawyer I would proceed with it.

I have had the confidence and the great fortune to incorporate companies for people on this side of the House and for people on that side of the House, and I hope I shall enjoy their confidence and the good fortune to receive their engagement in

MR. MARSHALL: the years to come.

So it has absolutely no connection. The only company I actually have, Mr. Chairman, and that I have any interest in is in my conflict of interest statement, because every member is required to file a conflict of interest statement. And if the hon. member for LaPoile (Mr. Neary) the hon. gentleman who seems to want everybody to be mired in the scandals in which he has been involved from time to time -

MR. NEARY: Mr. Chairman, a point of order, Sir.

You have heard the statement and -

MR. MARSHALL: Well, I retract that remark -

MR. NEARY: Not only retract, but apologize

because it is not true -

MR. MARSHALL: I retract -

MR. NEARY: - and the hon. gentleman's little tiny mouth sometimes gets too large for his brain.

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

The hon. gentleman has retracted his remark and there is no need for a ruling on the point of order.

MR. NEARY: You would not think -

MR. MARSHALL: But there you go. You see -

MR. NEARY: - such remarks would come from that tiny mouth.

MR. MARSHALL: - the experience amongst children, I find,

Mr. Chairman, is those who can dish it out are those who cannot take it.

And we are seeing a patent example of it right now.

MR. J. CARTER: Snow on the roof.

MR. MARSHALL: But as I say, Mr. Chairman, I do compliment - he is not here in the House - the member for Burgeo - LaPoile for his -

SOME HON. MEMBERS: Burgeo - Bay d'Espoir.

MR. MARSHALL: Burgeo - Bay d'Espoir. I wish it were Burgeo - LaPoile because we would have a plus in the House then at this particular time, Mr. Chairman. But the member for Burgeo - Bay d'Espoir on his remarks, because they were most responsible. At the time, he indicated, you know, what the real situation was.

MR. MARSHALL: Now, Mr. Chairman, I say I do not get angry, but I have to remark that with increasing tendency in this House the hon. member there opposite undoubtedly taking himself extremely seriously - he is taking himself more seriously as time goes on - he thinks he is the harbinger of all knowledge to the people of Newfoundland. He thinks he is the - My involvement with Stares Mechanical, I might say, is about as significant as the hon. member's contribution to the Cabinet of which he was a member in times long past and that, I can assure the hon. -

MR. NEARY: I did not get kicked out!

MR. MARSHALL: - House, the hon. gentleman is most -

MR. NEARY: The hon. gentleman got the heave ho!

MR. MARSHALL: - is most insignificant and most inconsequential, Mr. Chairman. Now, with respect to this, the hon. gentleman thinks -

MR. NEARY: His little tiny mouth got him in too much trouble when he was in cabinet.

MR. MARSHALL: - he makes a few statements and he gets a few laughs from the populace and he feels that the populace is with him, but the fact of the matter is the populace is laughing at the hon. gentleman, Mr. Chairman. The hon. gentleman is becoming the - We have two 'Only Livings' in this House: 'The Only Living Father of Confederation' and 'The Only Living Newfie Joke' which is represented by the hon. the member for LaPoile.

Now the fact of the matter is, for the hon. gentleman to get up and make statements like this is irresponsible. He knows the difference. The hon. gentleman is without a party, Mr. Chairman, and I would have to say from judging his statements that he is also without a brain, the only person in the House without a party and without a brain.

Mr. Marshall:

The fact of the matter is, in this case, Mr. Chairman, that I have no interest, I desire no interest: the only company, as I say, that I have any interest in is found in my conflict of interest statement, and that consists of a very small little holding in a company called Tig Limited, and for the information of the Committee, not that they are interested, Tig was the name of a cat that I had in my childhood. So in my childish aberrations at one period of time I decided -

MR. NEARY: Was it a cat or a rat?

MR. MARSHALL: - I decided to incorporate a company with the name of my cat, and that company which bears my cat's name has the magnificent assets of about maybe \$5,000 or \$6,000, which has been wrought and earned by the sweat of my brow working day and night at an occupation that the hon. gentleman detests and hates because of the colleagues that my hon. gentleman has come up against from time to time.

Now, Mr. Chairman, if this is the type of thing that is allowed - I am not going to stand in this Committee and take from the likes of the hon. gentleman this type of thing. If he wants to sling this type of accusation he can well expect to get stung and to get slung back. Because the fact of the matter is, Mr. Chairman, that here we have across the House a man who loves to sling, and the only reason why he is slinging it is because he was subject to a justifiable enquiry and that enquiry made a recommendation that he should carry out, but the only unfortunate part about it is that the hon. gentleman has yet to carry out that recommendation. And how much better this House and the Province would be if he did carry out the recommendation of the commission that investigated his tenure as a minister of the previous administration.

MR. NEARY: Mr. Chairman, of course, now the whole House knows now, Mr. Chairman, why the hon. gentleman got the heave ho! out of the Moores Cabinet, why they could not stomach him in the Cabinet. The hon. gentleman's little - no I am not going to get personal, Mr. Chairman. The hon. gentleman is not going not going to

Mr. Neary:

provoke me at all. But I do want to say this, Sir,

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: But I do want to say this, Mr. Chairman, if the hon. gentlemen will restrain themselves, that I have had a lot of dealings in the Registry of Companies Office, and the Registrar of Companies tells me that any man who leaves his name on a share list any later than the 31st. of March -

MR. MARSHALL: That is nonsense.

MR. NEARY: It is not nonsense. And the hon. gentleman can twist and turn and try to use all of the legal angles and the wrangling and the dirt -

MR. MARSHALL: Bitterness. bitterness!

MR. NEARY: - and the hon. gentleman can get up and try to muck rake and attack, character assassination, No wonder the hon. gentleman got the name of Witch Hunt Willie in the first year the administration was in power! The daddy, the godfather of witch hunts! And now the tide has turned, and now the scandal is rocking the administration and the hon. gentleman is over supporting it.

MR. MARSHALL: We saved a lot.

MR. NEARY: The hon. gentleman was one of the ones responsible

MR. MARSHALL: - I guarantee you that.

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

MR. CHAIRMAN (MR. YOUNG): A point of order has been raised.

MR. DOODY: Are we not on Bill 79, "An Act To Amend The Insurance Premiums Tax Act"? Could I have a ruling on that?

Mr. RIDEOUT: That is no point of order, Mr. Chairman.

I would submit it is just as relevant to what we have heard for the last twenty minutes from the hon. member for St. John's East (Mr. Marshall).

SOME HON. MEMBERS: Oh, oh!

MR. MURPHY: Well now he will understand the precedents in breaking rules.

MR. CHAIRMAN (MR. YOUNG): Order, please! To that point of order.

The members have allowed this debate to go on for now over twenty-

MR. CHAIRMAN (MR. YOUNG): four hours, I presume, or longer. And I fail to make a ruling on the hon. member, so I will ask him to continue.

MR. NEARY: So, Mr. Chairman, the Registrar of Companies, Sir, seems to think that if you leave your name on a share list after a year, say, after the 31st. of March, when you are suppose to register the real owners of the company, then you are a shareholder of that company. And the hon. gentleman can twist and turn and do all he wants, play with words all he wants. I once caught the Minister of Justice, I believe it was, whose company was in arrears - the hon. gentleman's name was on a share list, the company was in arrears, and the hon. gentleman had it rectified, I believe the next day. And the hon. gentleman, if his name is on the share list and he does not want it there, he has the option to do down tomorrow morning in the Registry of Companies Offices and have it struck from the list, struck from the share list. But as long as it is there the hon. gentleman is a shareholder of that company whether he likes it or not.

MR. H. COLLINS: Lies! Lies!

MR. NEARY: And it is not the first company that the hon. gentleman has incorporated.

MR. MARSHALL: Five hundred.

MR. NEARY: It is not the first company, and it is not the first company that the hon. gentleman's name appears on a share list that has come in for question in this Province of late, that have come in for scandal

MR. NEARY: in this Province recently. It is not the first.

MR. J. CARTER: A smear!

MR. NEARY: It just so happens, Mr. Chairman, I am not the one who brought it up. It was Dun and Bradstreet who brought it up. Dun and Bradstreet was the one that pointed it out in their report. Stares Electrical - the hon. gentleman is a qualifying shareholder.

MR. MARSHALL: Qualifying.

MR. NEARY: How long are you a qualifying shareholder?

MR. MARSHALL: Do you want an answer?

MR. NEARY: Yes, I want an answer.

MR. MARSHALL: Would you sit down and I will answer.

MR. NEARY: Well how long?

MR. MARSHALL: Sit down.

MR. NEARY: What I am asking the gentleman -

MR. MARSHALL: If the hon. gentleman would sit down I will answer it.

MR. NEARY: Mr. Chairman, how long? I will ask the hon. Minister of Justice because the hon. gentleman does not know -

MR. MARSHALL: You are afraid of me are you?

MR. NEARY: The hon. gentleman does not know.

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

MR. NEARY: I will ask the Minister of Justice.

MR. MARSHALL: Afraid. Fear.

MR. NEARY: How long? Mr. Chairman, can the Minister of Justice tell the House how long, Sir, should your name be on the share list of a company before you are considered as a permanent shareholder of that company and not a qualifying shareholder? How long?

MR. HICKMAN: I am going to have to take advice from the corporation lawyer in the House, the hon. member for St. John's East (Mr. Marshall).

MR. NEARY: Well if I were the hon. gentleman I would not put my life in his hands.

MR. MARSHALL: Would the hon. member like an answer?

MR. NEARY: I have got the answer. I have got the answer, Sir. I have the answer from the gentleman in this Province who is the expert. I have the answer from the gentleman who is the expert.

MR. J. CARTER: Who is he? The member for Twillingate.

MR. NEARY: No, not the member for Twillingate (Mr. Smallwood) either.

MR. MARSHALL: Resign, boy! Resign! Drink your water and resign.

MR. NEARY: Mr. Chairman, when they get caught they squirm and twist and turn. When they get cornered like rats they -

MR. DOODY: These are the two gentlemen you have already referred to as being the honourable people on this side of the House, now you are turning on them. Can you make up your mind?

AN HON. MEMBER: What is happening in the background?

MR. NEARY: Mr. Chairman, they are over there. They turn on the administration once in a while.--

MR. J. CARTER: No hope for him at all.

MR. NEARY: - just to make it look good. They get their names in the press. And the hon. gentleman will be off tomorrow if it is fine, he will be out in his savour patch. And if it fine for a week you will not see him for a week. And then the fog comes in and it is raining or snowing, the hon. gentleman is back in his seat again.

MR. DOODY: I hope he does not find you under a fairy cap tomorrow.

MR. NEARY: They were looking for the hon. gentleman over on Bell Island Sunday afternoon. They had a trophy there called the William Doody trophy, to be presented to one of the boys down in the Boys' Club and they had to get somebody else to present it. Where was the hon. gentleman then, hiding under a fairy cap?

MR. DOODY: Working.

MR. NEARY: Working? The hon. gentleman was working? I thought it was the interest of the hon. gentleman's constituents that

MR. NEARY: came before everything else, but not Bell Island, not his constituents on Bell Island.

Mr. Chairman, I contend, Sir, that if you leave your name on a share list, not only do I contend it but I have it from very great authority, and the Minister of Justice is not denying it. When you go in to incorporate a company, my hon. friend over there in his sanctimonious way was trying to tell us that he has incorporated thousands of companies, when you go in there is a foolish law in this Province that should be corrected, that you do not have to show the real owners of that company. But that can only last for a limited period, according to The Companies Act, and according to the -

MR. MARSHALL: That is not so.

MR. NEARY: It is so, Sir, according to the Registrar of Companies and I would take Mr. Tessier's word before I would take the word of that hon. gentleman.

MR. MARSHALL: Mr. Tessier is a very good man.

MR. NEARY: Yes, he is a very good man, and he is a very honourable man and a very decent man.

MR. J. CARTER: Unlike the hon. gentleman.

MR. NEARY: And I guarantee you, Sir, that that gentleman does not say that -

MR. MARSHALL: It is amazing you can understand it.

MR. NEARY: - when you incorporate a company that at the end of March you have to show the real, the real owners of that company. And my hon. friend has left his name on the share list.

MR. MARSHALL: Who files the share list?

MR. NEARY: The share list is supposed to be caused to be filed by the company.

MR. MARSHALL: Yes, that is right. That is the point. Yes.

MR. NEARY: By the company, And the hon. gentleman filed the share list.

MR. MARSHALL: Oh, the hon. gentleman does, eh?

MR. NEARY: In this particular case.

MR. MARSHALL: So much that you know, but so little that you know. So much you do not know.

MR. NEARY: Mr. Chairman, I know that much.

And the hon. gentleman filed the share list and left his name on it, the hon. gentleman knows his name is on it.

Dun and Bradstreet says it is on.

I am not trying to smear the hon. gentleman, Sir -

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: - either by accusation or innuendo. The hon. gentleman is completely insignificant in this whole matter.

MR. MARSHALL: Would the hon. gentleman permit a question?

MR. NEARY: I would not, Sir, suggest for one minute that the hon. gentleman is on the take.

MR. MARSPAEL: Will the hon. gentleman permit a question? Will you permit a question?

MR. NEARY: No, I would not permit the hon. gentleman fresh air if I could.

SOME HON MEMBERS: Oh, oh!

MR. MARSHALL: When the hon. gentleman is going to resign -

MR. NEARY: I saw the hon. gentleman coming up the Cove Road Sunday morning in the rain on his little bike. Well what a pathetic looking sight, Mr. Chairman, what a pathetic spectacle, Bedraggled, wet, just like a cat that came in out of the rain.

MR. CHAIRMAN: Order please! I am afraid I am going to have to rule the member irrelevant if he does not get back to the bill.

MR. MARSHALL: I think that is very interesting.

MR. NEARY: But anyway, Mr. Chairman, the fact of the matter is, and the Minister of Justice has not denied it, that unless you change it - and the member should go down tomorrow and change it if he does not want to be associated with that Stares Company. And I am sure the hon. gentleman does not want to be associated with it in any way shape or form.

MR. MARSHALL: You said I had a share in it.

MR. NEARY: The hon. gentleman does have a share in that company whether he likes it or not. It is there. I have the share list down in my office.

MR. MARSHALL: You said I was involved in it, and that is not true.

MR. NEARY: Mr. Chairman, the hon. gentleman can twist and turn and interrupt me all he wants, The hon. gentleman is a shareholder of that company.

MR. MARSHALL: Would the hon member permit a question? Afraid to?

MR. MARSHALL: Will the hon gentleman permit a question?

MR. NEARY: That will be your frosty Friday, Mr. Chairman, when I get afraid of any hon.gentleman on that side of the House,especially that hon.gentleman.

MR. MARSHALL: Well permit a question then. Will you permit a question?

MR. J. CARTER: No,because he would not be able to answer it.

MR. NEARY: So, Mr. Chairman, I will not take up any more time of the House, Sir, I could go through this report if I wanted to and point out all sorts of other examples of extravagance and waste, and ways and means whereby the Minister of Finance could save a few dollars. If the Minister of Consumer Affairs wants

me to I might table that affidavit before the tax bills go through.

MR. MURPHY: The what?

MR. NEARY: The affidavit. That is yet to be dragged out and the hon.gentlemen should not think they are going to get away with the Scrivener affair, That will be trotted out pretty soon.

AN HON MEMBER: The affidavit?

MR. NEARY: No,the hon.gentleman is not a shareholder but the Tory bagman did pretty well off it.

AN HON.MEMBER: Maybe you would like to table it.

MR. NEARY: I do not have it to table, I do not have it with me.

AN HON. MEMBER: Go home and get it.

MR. NEARY: I will get it and I will bring it in and I will lay it on the table of this House. If this crowd now wants to be shaken to their foundation with scandal and corruption and graft and patronage -

MR. MURPHY: How many prayers do you want?

MR. NEARY: And influence peddling and the grand-daddy of them all, the poor man's champagne, the little fellow from Flower Hill -

MR. MURPHY: I knew he would get to that.

MR. NEARY: supporting this administration, this riddled with corruption.

MR. MARSHALL: Do you have the right to strike him off record?

MR. NEARY: The hon. gentleman will be up this summer with his feet down in the swimming pool and the hon. gentleman should tell the House how he got that.

MR. MURPHY: I paid for that.

MR. NEARY: Oh, the hon. gentleman paid for it.

MR. MURPHY: I paid for it.

MR. NEARY: All well paid for. And who paid for the road? Who paid for the road that is paved up to the hon. gentleman's little summer ranch up at Topsail Pond?

MR. MURPHY: Paving roads and everything!
Shame, shame.

MR. NEARY: Mr. Chairman, am I irrelevant again?

AN HON. MEMBER: I think so.

MR. NEARY: Well in that case, Mr. Chairman, I do not think there is anything further I can say except recommend to the Minister of Finance that he go over this report with a fine-toothed comb and before bringing tax bills into the House follow out some of the recommendations of the Auditor General and save the taxpayers of this Province literally millions of dollars.

MR. CHAIRMAN: Hon. member for St. John's East.

MR. MARSHALL: Mr. Chairman, I just want to say - I will not keep the committee more than a couple of moments - but I do wish to clarify -

MR. MURPHY: Do not encourage them.

MR. MARSHALL: I mean, encouraging is discouraging, Mr. Minister. But I do wish to clarify one thing. You know, when you do incorporate a company and you sign up a memorandum of association the client very often from time - and it is the client who files what are called statutory share lists, and they file the share lists year after year after year. And a poor journeyman lawyer such as I am trying to earn a livelihood has no knowledge or no control over what they file. So if they file somebody as being a director and that person is not a director, it can be and in this case is

MR. MARSHALL:

entirely and absolutely incorrect. In summary I would just like to say that my involvement with Stares Mechanical Limited is about as significant as the involvement of the hon. member for LaPoile in the Cabinet of the only Living Father of Confederation, and everyone knows how significant that was.

SOME HON MEMBERS: Hear, hear.

MR. CHAIRMAN: The hon. minister.

MR. DOODY: I hesitate to rise on this, Mr. Chairman, because I want to discuss the bill.

MR. MURPHY: You are out of order.

Out of order, not relevant.

MR. DOODY: After listening to the hon. member for LaPoile's usual subtraction from the sum total of man's

MR. DOODY: knowledge as he does from time to time and during his last tirade earlier today he was quite relevant and interested in what was going on but he got carried away there for awhile. As was mentioned, he is a much better disher outer than he is accepter.

However, the point of the matter is that the concern of members of Committee was raised this afternoon relative to various alleged activities of companies doing business with the Department of Public Works and hence with the government, and this government has, as the Minister of Justice has said, made a commitment to institute as quickly as possible a complete public enquiry into these activities. The terms of reference will be broad enough to satisfy members of the Committee and they will be broad enough to cover the areas of concern.

I hesitate to tie the Legislative programme of the House, of the government specifically, into the time frame of the appointment of the Commission. I do not know how quickly the hon. Minister of Justice can find somebody. You know, I am certainly not in a position to say that it is going to happen tomorrow or two days time. I hope that it will. The terms of reference can be prepared fair quickly, I would hope within the next few days but, as I say, I hesitate to give a firm commitment that we will hold a bill back until all these things are put in place. I do not think the government should operate that way and I do not really think that we will.

As I have said, the government has made a firm commitment, a definite commitment and I think the House and the Committee would be well served to accept that as fact and I feel confident that the terms of reference when they are presented to the House will be more than satisfactory.

I really have no intention or desire to go back over all these items, all these various questions and allegations and

MR. DOODY: innuendoes and charges and countercharges and so on that have been flying back and forth across the House today. I really think that if we were going to carry on in that vein there would have been no point in suggesting that we set up a committee of enquiry. I think that these things are best left to them and before we prejudge the committee I think that we should look at the terms of reference.

And so with these things in mind, and having accepted the fact that the things will be set in motion just as quickly as possible, and when I say possible I mean in terms of efficiency and in terms of reasonable terms of reference, well thought out terms of reference and in finding the proper people to engage to look into the alleged irregularities, I think that we should spare ourselves and the House too much time on that particular subject.

And so, Sir, once again, and I do not know how many times I have suggested this but I will try it again right now, I submit to the Committee the resolution on "An Act To Amend The Insurance Premiums Tax Act" (Bill no. 79) and I ask that the Committee accept the resolution.

Motion, that the Committee report having passed the resolution and a bill consequent thereto, carried.

MR. HICKMAN: Bill No. 78

MR. CHAIRMAN: Bill No. 78.

RESOLUTION

That it is expedient to bring in a measure further to amend the Tobacco Tax Act, Chapter 374 of The Revised Statutes of Newfoundland, 1970.

MR. CHAIRMAN: The hon. the Minister of Finance.

MR. DOODY: Mr. Chairman, this is another budgetary item. It was announced in the recent budget that the tobacco tax would be raised effective immediately by one-fifth of one per cent per cigarette or four cents per pack of twenty cigarettes. Concurrently with that, of course, the tax on cigars and the tax on tobacco will also be raised. There is a second clause in this Act which I bring to the attention of the Committee and this is the clause which authorizes remission of penalties and interest as is the case with penalties and interest arising out of the gasoline tax and the retail sales tax.

And we have in the past, in 1974-1975, thinking that we had the authority under the Act inadvertently remitted the penalty imposed. The Auditor General quite properly criticized us for this and so we want to bring this Act in line with the other acts. Now this Committee might quite rightly ask, "Why does the minister feel that he should have the right to waive interest and penalties on taxes which are owed to the Province?" And I think it is absolutely essential that this authority be in the hands of the minister because in many cases the financial records of vendors are inadequate and very often audits by the Department of Finance are not done as often as they should be done because of the fact that there just is not enough staff. It is well known, particularly to the members from rural Newfoundland, that the bookkeeping and management, general business management of some of the small concerns around the Province are such that it would be most unreasonable to hold them to the hardship that would result in some particular cases. And so when through an error in assessment or through error in the case of the taxpayer that an interest and penalty is imposed and an arrangement is subsequently

MR. DOODY: made whereby the delinquent tax is paid.

the minister is very often asked in the interest of justice to waive the interest and penalties. In cases, of course, where it is demonstrated by the people in the taxation division that this is not a reasonable or sensible thing to do because somebody is out to beat the government and so on, obviously then this privilege is not extended. But it is a convenient clause to have in the act for the sake, as I say, of people to whom hardship would result if these charges were imposed. It is also an incentive sometimes to make an arrangement with a small firm or a company to help them stay in business and at the same time work out a tax agreement with them for their payment over a period of time, or whatever system. Once again, as I say, the Auditor General does not agree with that either. Even now, when we hopefully pass this act with this particular clause, I am still reasonably certain that the Auditor General will criticize us for using this discretion because he feels that we are being discriminatory in that we do not collect all the taxes equally from everybody, irrespective of circumstances. I feel that this is not a reasonable way to operate the law; I do not think that that is the intent of the law. I do not think the law is by its nature meant to be an oppressive law. It is not meant to unduly penalize people. It is, rather, meant to collect the taxes that are due to the Crown, as I explained earlier today with regard

Mr. Doody:

to the Tobacco Tax Act and other taxes which the Auditor General mentioned. And so this increase in the Tobacco Tax hopefully will yield to the Province an increase in taxes of some \$2 million, the estimate is \$2.2 million. The question could very well be asked, Why do you not increase the price of cigarettes by twenty cents a pack or thirty cents a pack instead of four cents a pack? You could always use the reasoning that it is in the interest of the community as a whole healthwise to discourage smoking, and that could very well be so. But I am afraid that an increase beyond this, and maybe even this increase, will be counter productive because it is coming to the point now where it is becoming quite profitable for people, retailers, wholesalers-in the Province to bring in cigarettes by the case from Nova Scotia and to a lesser extent from New Brunswick. This tax increase that we have in effect here today before the Committee corresponds exactly with the tax increase which the Province of Nova Scotia brought into effect this year in its budget, and so that proportionately, although the price of cigarettes is still somewhat less in Nova Scotia, proportionately the increase is the same and so this will not encourage smuggling. The smuggling problem is a problem from two areas; one of them, of course, is the obvious enforcement angle, and the other, and probably more important angle, is the fact that such legislation, such taxes, like prohibition, for instance, has the effect of turning a lot of honest people into crooks for the sake of picking up a few dollars that they can get quite easily by throwing a few cases of cigarettes in the back of the car in North Sydney and bringing them across the Gulf, and perhaps even worse, it turns professional crooks into millionaires by giving them an opportunity to beat the system and the enforcement angle is quite difficult. The only way really that it could be administered to increase the price of cigarettes would be to tax them at the retail level and this once again would raise another administrative level, and it is quite probable that the cost of collecting the tax could very well be offset by the cost of

Mr. Doody:

administering it.

And so these few words refer to that particular resolution which is Bill 78, An Act To Amend The Tobacco Tax Act. I guess all the verbiage and all the wordage that was used in criticizing and describing the previous bill could very well be applied to this particular bill. There is no government and no government member or no government official, nobody at all, really, with any sense, particularly not a politician who loves to be loved wants to bring in taxes. Unfortunately taxes are a way of life, and a fact of life in the Province of Newfoundland, and I would suspect that if a tax has to be brought in then a tobacco tax is certainly one of the easiest taxes to pass on to the public. I find that particularly true in my case since I do not smoke. But one of my predecessors in raising the tobacco tax one time suggested that it was really being done in the interest of health. I think I would perhaps be more honest in saying that the health aspect is really a by-product, and the simple truth of the matter is that \$2.2 million is a source of income which the Province is budgeting for this year and needs.

And so with these words I commend the resolution to the Committee and there is undoubtedly some comment from some other members.

MR. T. RIDEOUT: Mr. Chairman, I have just got to at least have one comment.

MR. CHAIRMAN: The hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Mr. Chairman, I do not find anything particularly oppressive in this piece of legislation, The only thing is Clause 2. Now the minister may have been explaining it, but we were talking to his colleague and I did not get the whole gist of the explanation. But as I read it, if the minister deems it right and proper to do so he may remit any penalty or interest imposed under Sections (39), (40), (41). Now I assume that is interest on back due debts and so on, back due taxes, so the minister is now going to vest

Mr. Rideout:

in himself the right not to collect that interest. Is that what it boils down to?

MR. CHAIRMAN: The hon. Minister of Finance.

MR. DOODY: I went through that in great detail. I thought I had done it rather well too, I must say.

MR. RIDEOUT: The minister probably did.

MR. DOODY: Maybe the Minister of Justice can spare me a few moments.

MR. HICKMAN: I am sorry.

MR. DOODY: I will run through it again, if I may.

I am sorry, Sir.

MR. HICKMAN: That is all right.

MR. DOODY: As I said, right now in the Retail Sales Tax Act and in the - what is the other one? What are the other taxes? I think it is the gasoline tax - the minister has the discretion to forgive penalties and interest on overdue taxes, taxes which have not been forwarded and which have been collected by the - and which are due and owed by the taxpayer. And the reason for this is, I think, a legitimate one. In many cases in Newfoundland, particularly in rural Newfoundland, the bookkeeping and the financial records are something less than adequate. In many, many cases a lot of the people in the Province of Newfoundland are not really aware that they owe these taxes until such time as an auditor gets in and goes through their records. Very often they find to their horror that they owe this many dollars in taxes, plus interest, plus penalties. And in many cases the auditor comes in and says, "I went into Mrs. Jones in Snook's Harbour and went back to her books, and she owes us yea many dollars, and that the interest is such-and-such and the penalties are such-and-such. She wants to pay it, but it would really result in a great hardship for her if we imposed all these penalties and interest on her. She did not deliberately withhold the tax. It was not her intention to defraud government." And I think that in the interest of justice the minister should forgive the interest and penalties and settle for the taxes. Very often, as I said, an arrangement is worked out with the taxpayer whereby so much per month is paid over a period of time until eventually he or she catches up and the record is clear.

I also made it quite clear to the Committee that even - well, to go back. Back in 1974-1975 we did this for a small storekeeper in the Province, and we did not have the authority to do it and, of course, the Auditor General quite justly brought us to task for it. I also pointed out to the Committee that there is no question in my mind that even now with this clause - presumably passed the Committee - there is no doubt that the Auditor General will still criticize the department and government for what he feels is a discriminatory application of the tax. In the Auditor General's estimation a tax is a tax and a penalty and interest and so on should be collected. As I said earlier today - I do not know how many members

Mr. Boody.

of the Committee who are here now were present - on the fifteenth of the day following the day that the SSA tax returns are due if the Auditor General feels that that person is in violation of the law that his licence should be revoked until such time as the SSA tax is paid. That is impractical. That is not the spirit of the law. It is not what it was ever intended for. It is not the function of the Department of Finance to put all these little people out of business, nor even big people out of business who sometimes have a cash flow problem as this company which we mentioned today in the Tobacco Tax who owed us some \$400,000 and whom we could have - according to the Auditor General who criticized us - and should have after the three months had passed, and we pressed him for three months to pay us and he did not pay us, we should have closed him down and put him into receivership, closed down his business. This business has been in operation for - well, as I said, it was in operation when I went to work down on Water Street in 1947 and had been going for some time prior to that. There are thirty or forty or maybe more people working there. I do not think it would have been in the interest of the Province to have done that. What we did do - and in this case we did not forgive the interest and penalties, we applied them, because this was a large corporation that did know it owed the taxes, but did not have the money at that time to pay them. But we said, You are not going to use the government's money to finance your business, but we will work an arrangement out with you whereby you can catch up with your back taxes over the next three or four months. So they undertook to pay us, I think it was \$15,000 or \$18,000 a month, and they did. They paid the whole bit and piece and the four hundred and some thousand dollars was all paid. The Auditor General felt that this was completely wrong, we should not have done that, we should have applied the letter of the law. And he sees the point. And he says, but if you want to do it your way, you should change the act to give that kind of leeway. I would rather take the criticism than change the act, because to change

Mr. Doody.

the act would make it too loose. There would be people finding loopholes all over the place whereby they will not have to pay the penalty or pay the interest or indeed pay the tax. They will be able to drift out and, you know, as I say, the loopholes will be there

MR. DOODY: if the act is changed to allow the sort of - or to try to find a formula whereby people can pay back taxes by agreement and so on, What will happen is, obviously, that nobody will pay taxes on time. They will all be working it out over a period of time and the thing will become unmanagable. So I think that in the interest of efficiency and in the small amounts that are involved in this, that it is in the best interest of the Province and of the administration of the act and the spirit of the law that the ministerial discretion be given in this particular case and that is the intent of clause two.

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

MR. FLIGHT: I have just got a couple of short questions for clarification from the minister. Number one, the Tobacco Tax Act as we see it here, for the purpose of the retailer or the purchaser, we are talking about SSA tax here, are we?

MR. DOODY: No.

MR. FLIGHT: Then how does -

MR. DOODY: We are talking about a tobacco tax which is collected from the wholesaler.

MR. FLIGHT: So the wholesaler is the only person who would be involved in this particular -

MR. DOODY: That is right. That is right. There is only about twenty or thirty accounts involved.

MR. FLIGHT: Then the other question is again - the minister has referred to SSA tax on three or four occasions, or lots of occasions tonight, talking about penalties due to late payment, is the minister referring to SSA tax in this instance?

MR. DOODY: Well, I used them all in the same context because the Tobacco Tax Act, the SSA Tax and the gasoline tax, all three of them, are all audited and looked after by the same tax division and for the interests of keeping the efficient operation of the tax collection process in one piece we felt that it would

MR. DOODY: be wise to have all three operating under the same rules.

MR. FLIGHT: Now specifically concerning the SSA tax - penalties only apply after a retailer goes so long without remitting his SSA tax collected, is that right?

MR. DOODY: Right.

MR. FLIGHT: Then would the minister point out to the House how it is that a retailer who collects SSA on goods sold to the retail trade, to the customer, how is it that he gets into a two or three month arrears to a point where the Department of Finance applies penalties and interest. Because as I understand the act, penalties and interest are not applied to the account until it is so many days into arrears. Now the retailer is not submitting that money out of profits earned, he is submitting what he collected, SSA.

MR. DOODY: Collected money, that is right.

MR. FLIGHT: And I am not too sure that I would accept a situation -

MR. DOODY: Very often a retailer - I guess this is a kind of an informal discussion.

MR. FLIGHT: Sure. Go ahead.

MR. DOODY: Very often the retailer does not know that he is - or pretends that he does not know, but very often he does not know whether or not a particular item in a grocery store, for instance, is taxable. One of the prime examples that keeps coming in like that, coming back like a song, are these artificial orange drinks for instance, Tang, this sort of thing. That is taxable. For obvious reasons, many of the small retailers out around the Province consider that as orange juice. When the auditor goes in and looks at it and starts seeing that this retailer sold fifty or sixty cases of Tang over the past year, he should have paid

MR. DOODY: his ten per cent SSA tax on that. So he looks at the amount of the value of the purchase invoice, he estimates a markup of - they have got a formula worked out as they would have after all these years of auditing - say, twenty per cent, adds that to the value of the wholesale purchase invoice, plus the markup, and charges the retailer the ten per cent on that Tang which goes back perhaps a couple of years because the auditors do not get around that often. There are not that many of them. So the fellow says, "Look, I did not know Tang was taxable, That is not fair. I will pay you the tax on it if I have to because the law says I have to, but it is not fair for you to charge me penalties and interest on that. Because if I had really known it was taxable you know I would have included it in my returns." So this is the sort of thing that you know for better or for worse that you get into.

MR. FLIGHT: I thank the minister, Mr. Chairman, but I am going to point out one thing that I see as a possible discrepancy. I am prepared to give the minister the prerogative or the discretion to forgive penalties or interest on SSA owed and give the minister that leeway or that authority, However, I am aware of a couple of businesses in this Province today in Central Newfoundland in particular that have been closed down for non-payment of SSA tax.

Mr. Flight:

Now what is going to be the line of judging as to whether it was deliberate, because once we give the Cabinet or the minister -

MR. DOODY: You do not give me the right to forgive the tax.

MR. FLIGHT: Obviously I am not understanding this bill.

MR. DOODY: The minister does not have the right to forgive the tax. The tax -

MR. FLIGHT: Not the tax, no, the interest.

MR. DOODY: Okay. We would close him down because he has not paid his tax. We could work an arrangement out with him, you know, if he will, say, you know, I will come in with a proposal, I owe you \$100,000, I will pay you \$10,000 a month for the next so many months. And we say that is great. After three or four months he does not come in with anything, or maybe he does the first month and then nothing happens for the next three or four months, then perhaps we will close him down. By that time he owes us maybe \$110,000 or \$120,000. But the minister does not have the right to forgive the tax nor is he asking for it. This is only the interest and penalties which sometimes if you can forgive these you can work out an arrangement whereby the government or the Province can get its taxes and at the same time he can keep the business in operation.

MR. FLIGHT: Just one last observation, Mr. Chairman, to the minister again. I am aware specifically of one business in my own district that has been closed down for non payment of taxes, and rightly so, I might say. The amount of taxes owed is unbelievable! That he was permitted to operate as long as he did without the payment of taxes is incredible.

MR. DOODY: Right.

MR. FLIGHT: I am aware of other businesses outside of my own district that have been closed down for non payment of SSA tax.

MR. DOODY: Right.

MR. FLIGHT: So now we are giving the minister, or we are being asked to give the minister the right to forgive interest or penalties

Mr. Flight:

and to work out an arrangement with these people. Because I agree with the minister, we should not arbitrarily close down businesses if there is a way that can be found; there are too many people affected. But given the fact that we have already shut down, we have already shut down businesses, businesses that were supporting two or three people, and certainly supporting a family, what would the minister's reaction be in this case? And we have done this in this fiscal year.

MR. DOODY: We have closed down many businesses, unfortunately, We revoked their SSA tax, which is tantamount to closing them down, and we have done the same with many taverns, licenced premises and clubs and so on. And that often results in back taxes that are owed to the Province, which the Province eventually has to write off if it cannot recover them from a forced sale, a sheriff's sale or whatever way the assets of the company are disposed of. But it is usually brought about after many - well, the files on these things are usually about this thick by the time the close-down takes place. The auditors are in there. Eventually the district supervisor gets in there and tries to work out an arrangement; sometimes the person makes an arrangement, makes the first few payments and then falls back. You get after him again, he makes another payment; eventually you just cannot - you get the impression that you are being had, and so you close him down because he obviously is not being sincere, he is trying to beat the system, So you do close him down, but it is done as a measure of last resort. It is not done as a measure of first resort. I guess that is the criteria; if the tax division makes a recommendation and you look at it, and it looks to be a fair and reasonable assessment of the situation, you can go through the file and see where the approaches have been made, agreements have been signed, cheques have been sent in that have bounced and so on, and you say, Well, this is a hopeless case, he is only getting in deeper, it is just as well to close him down now or revoke his licence and go after him for the taxes. And that is really what the criterion

MR. DOODY: is; you try as long as you can to keep the things going to make an arrangement to collect the taxes. When you reach the level where you just got to give up in despair, then you revoke the licence.

Motion, that the Committee report having passed the resolution and a bill consequent thereto, without amendment, carried.

MR. HICKMAN: Bill No. 76.

RESOLUTION

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

MR. CHAIRMAN: The hon. the Minister of Finance.

MR. DOODY: Here we go again, Sir. This is the third measure which was introduced in the recent budget which will increase the provincial personal income tax rate from 56.5 per cent of the federal basic tax to 58 per cent effective July 1, 1977. This is an increase of something less than 1 per cent on the total personal income tax payable and the increase partially offsets the decision by the federal government to terminate the old revenue guaranteed programme and will yield us about \$2.5 million this year and about a total of \$4.2 million over the full year, the full taxation year. It gives us now a tie for first place - I think it is with Manitoba - as the highest income tax province in Canada -

MR. NEARY: Resign! Resign!

MR. DOODY: - and it is absolutely scandalous and I should resign. However, as the hon. member for LaPoile knows, I have no stamps and I am without degree or pedigree and where can I get work?

MR. NEARY: We are the only Province of Canada whose M.H.A's do not pay unemployment insurance contributions.

MR. DOODY: We have no stamps, I have neither degree nor pedigree, Where can I go? What can I do?

MR. NEARY: You are not a doctor or a lawyer or an academic -

MR. DOODY: You demand that I resign -

MR. NEARY: That is right.

MR. DOODY: - you throw me on the parish, and you are going to have me, my wife, my eighty-five year old aunt and

MR. DOODY: and three children to support and what good is that going to do the Province? None!

MR. NEARY: Myself and you, Sir, will have to go off and form some kind of a business.

AN HON. MEMBER: A scandalous waste of public funds.

MR. DOODY: Yes. I was at that for awhile and you keep knocking me for my pickle-barrel days.

MR. NEARY: No, you were not. You did not own the business.

MR. DOODY: No, that is right.

AN HON. MEMBER: The owners are the people -

MR. DOODY: I had shares in that business. I had twenty or thirty per cent of it.

MR. NEARY: Is that right?

MR. DOODY: Yes. Passed it back when I left, like a fool!

MR. NEARY: Well done yourself! You did the right thing.

MR. DOODY: Yes, I did so! You should hear my wife's opinion of it. Anyway, that is another sad story. I have some examples of what that particular increase in the income tax will mean in terms of cost and the difference to the various income tax groups, and for the benefit of the Committee I will run through some of them.

A married person with four children under sixteen years, one child over sixteen years, who is earning \$10,000 a year with a taxable income of \$2890 will pay and extra \$6.00 per year under this increase. A person, married, with one child under sixteen years who is earning \$8,000 a year will pay an extra \$6.00. Ten thousand dollars per year will pay an extra \$12. A person earning \$15,000 a year, married, one child under sixteen, one child over sixteen, will pay and extra \$10, and so on. So the actual tax burden per person is not as great as it would appear to be although it is unfortunate that we are in a position whereby we have to

MR. DOODY: increase that tax and I guess we have just about reached the end of that particular level. I do not know that there is any point in thinking, certainly for the present, of increasing personal income tax. I think the Province has just about reached its level there.

 That is the paragraph or the part of the tax that is most relevant, I guess, to the Committee although there are various other clauses in there which are in there because of changes in the federal income tax act and under the law, of course, the provinces have to amend their tax acts to conform to changes in the federal act. I think there is a grand Latin word which my friend will probably tell us about mutatis mutandis, something or other. Well, anyway, there is an individual income tax area, the foreign tax credit, withholding taxes from other sources and an employer's obligation to withhold taxes from certain types of payments and a five-year averaging as it pertains to farming and fishing and the payment of corporation tax instalments.

 If the Committee would care to have me explain any one or all of these

MR. DOODY: complex areas I would be only too happy to do so.

On the corporation and income installment payments, for instance, it is suggested that the present tax act be repealed and the followed substituted thereto, "on or before the last day of the period where an amount is deducted by virtue" and so on, anyway that is too technical. It is jargon.

Under the law as it stands now all corporations except small businesses must settle their tax for a taxation year two months, the fourteenth month, two months after the close of the taxation year. Small businesses are allowed one further month. Now it must settle their tax liability three months, the fifteenth month, after the close of the taxation year. As the law currently stands small businesses could only avail themselves of the fifteenth month payment deadline if they are eligible for the small business tax deduction provided by section 125 of the federal act in the preceeding year, the above amendment allows all corporations that qualify as a small business and so on to be eligible for the small business deduction. The farmer's five year averaging thing simply says that the provincial tax as it stands now, a taxpayer is only eligible to average his income from farming or fishing if he has lived in the Province throughout the averaging period. That is to say, if some years you as we say in Newfoundland, show a gain, and other years you show a loss under the Income Tax Act you can average that out over a five year period and take the average whether it is a net gain or a net loss and pay the tax or obviously if you have not made any money on an average of that five years the farmer or fisherman does not have to pay the tax. This particular amendment allows that five year averaging to be - I suppose the best way to describe it is portable. You can be two years farming in Newfoundland and two years in New Brunswick and one in Nova Scotia and you can average the

MR. DOODY: five years through the various provinces. Now you do not have to confine yourself particularly to one year and the same applies of course to fishing. You can average the five years loss - gain period from province to province.

The employer's obligation to withhold tax, subsection 13 of The Income Tax Act, is amended by adding thereafter the following paragraph, "An amount as a benefit under the Unemployment Insurance Act, subsection 13 (1) of the said act is further amended by striking out the word "or" at the end," this is good, "and by adding thereto immediately after paragraph h (1) an adult training allowance in the Adult Occupational Training Act, payment out or under a registered retirement savings plan." These are all things that have recently become taxable under the federal act so that the employer is obligated to withhold taxes from his employee in light of all these changes in the Federal Income Tax Act.

And I guess that just about covers it. The individual Income Tax Act refers to Canadian residents, their earnings that they make outside Canada, foreign source income. I do not think it is particularly relevant to Newfoundland and it certainly does not have all that much effect on any of our people. Taxpayers are allowed in respect to the interest and dividends from Canadian sources and so on, it is a lot of jargon and it does not really have that much bearing on the Province. But as I say it is an obligation to make the changes in conformity with the Federal Income Tax and I am sure it is very important to the people in Ontario and so on. But the important section of the bill is the income tax change and as I say it amounts to something less than one per cent of the basic federal tax and it will result in the payment to the Provincial Treasury of about \$2.5 million in 1977-78 and perhaps a little over \$4 million over the full taxation year and I said during the recommendation of the previous resolution to the Committee that I guess the same words and verbiage can be used about the application and increase in this particular tax as has been said about the previous tax and with these words I recommend

MR. DOODY: the bill to the Committee, Sir.

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

MR. LUSH: Mr. Chairman, I have to say a few words in disagreement and disapprove of this particular bill. I would be doing my constituents a great disservice if I were to agree with the principle of this bill.

Mr. Lush.

The minister tries to minimize the impact of the bill. He tries to certainly minimize the rate by suggesting it is not very much. What does it amount to, \$1.5 million or is it - ?

MR. DOODY: One point five increase, but it is about one per cent of the basic federal tax.

MR. LUSH: And one per cent of an income tax means a lot to the ordinary Newfoundlander even though -

MR. DOODY: It is one per cent of the basic -

MR. LUSH: Right. The minister mentions the levels, the income level and the amount that it is going to mean per family with certain numbers of children. And it looks like it is falling within the figures he mentions, or within the \$10,000 to \$15,000 particularly the middle income people of this Province, the people who get stuck the hardest with income tax or taxes of all sorts. But, Mr. Chairman, a tax hits everybody and the poorer you are the harder the tax is. And I would suggest, be it \$6, be it \$4, be it \$5 whatever, this is quite a sacrifice to the people who can less afford to pay this kind of money. And even though the minister tries to make the amount look small, this looms large in the eyes of many of the ordinary Newfoundlanders. And when you look at the other taxes, these accumulate. You have got the Tobacco Act, which is going to result in - and though this can certainly be something that people can do without, nevertheless it is a fact of life that people do smoke and this is going to hit them as is the Insurance Premium Taxes, putting all of these together, that some people are going to get hit very hard. With the Insurance Tax there is no way people can avoid it really. And so when you add all of these things together they mean a lot. It is going to mean a great deal of sacrifice to many of the people in this Province. And it is going to be something that is going to make life very hard for a lot of these people. The minister mentioned that we now pay or are tied now with the highest income tax rate in Canada. And that combined with a lot of other things -

MR. DOODY: We are higher than all the other provinces.

MR. LUSH: Right.

MR. LUSH: And this combined with the highest cost of living, the highest unemployment rate, certainly just does not go together to make things look easy, to make things look comfortable for the ordinary Newfoundlander.

MR. NEARY: We will soon be able to get in the Guinness Book of World Records.

MR. LUSH: That is right, And all the records that are bad, all the records where we are supposed to be good, we are bad, and where we are supposed to be bad, we are good. And it is unfortunate that the government saw fit at this time to slip in that raise in the personal income tax. And as I have said before, were this the only raise that our people had to contend with one might have a tendency to swallow it somewhat. But when we look at all the increases that are coming to the people of this Province, all the increases that will come before September comes, all the increases that will come within the next three or four months and combine this with the difficulty that our people are going to have in finding jobs, this certainly makes this tax look oppressive to Newfoundlanders, to say the least. The increases that are going to result in fuel, the increases that are going to come in our telephone bills and our electrical bills, all of these are taxes that are going to hit the ordinary people of this Province. And, Mr. Chairman, for these reasons I cannot go along with this bill. I cannot in all conscience support it whatsoever. It is a bill that is going to bring a great degree of hardship on the people of this Province. And again we can say it is only a small amount. But how much further can we keep going by putting a little percentage point here and a percentage point there? How long can we keep going this way in increasing the personal income tax of this Province? Certainly, there is a great degree of imagination to be used to try and collect money in another way other than through this personal income tax this particular time. If you notice, too, it is the one that brings in the greatest amount of money. The Tobacco

Mr. Lush.

Tax, I think, was going to mean something like \$2 million. This particular tax is double that. It is going to bring in \$4.2 million, and that amount of money is going to come from where it hurts most. It is going to come from those people who

MR. LUSH: can least afford to pay it. And as I said before, this combined with all the other increases in the cost of living that our people are faced with - are going to be faced with in the next couple of months - is something that is going to make things pretty hard financially for the people of this Province. And we can try to minimize the effect, we can make it look small all we like, but as I have said before in the eyes of Newfoundlanders and in the eyes of the ordinary people of this Province that this is going to amount to a large figure for a lot of them, particularly for those already hard pressed. It comes hardest on those people who can least afford to pay it. And it is unfortunate, indeed unfortunate, that the government had at this time to bring in this Bill and to increase the personal income tax. And, Mr. Chairman, that is all I have to say at this particular time.

MR. NEARY:

Well spoken, 'Tom' - well spoken boy.

On motion resolution, carried.

On motion enacting clause, carried.

On motion title, carried.

On motion Clause 1 through to Clause 7,

carried.

On motion enacting clause, carried.

A bill, "An Act To Amend The Income Tax Act.

On motion title, carried.

Motion that the Committee report having passed the resolution and a bill consequent thereto without amendment, carried.

MR. HICKMAN:

Bill No. 77

RESOLUTION:

That it is expedient to bring in a measure further to amend the Retail Sales Tax Act, 1972, the Act No. 56 of 1972.

MR. CHAIRMAN:

Shall the resolution, carry?

The hon. Minister of Finance.

MR. DOODY:

I should say at this juncture a few words on this particular item. It is not a tax increase as such, It is a matter

MR. DOODY: of closing various loopholes and inequities that are in the present Act. One of the regulations that will be changed pursuant to this Act is the item that was mentioned in the budget in which meals consumed on or off the premises would now become taxable; however, any meals which are equal to or less than three dollars per person would not be taxable. This measure will bring us more in line with the rest of Canada and more importantly will give those people at the university, the trade schools, the Fisheries College the hospitals, and so on, an opportunity to save that 10 per cent on the meals that they eat in the residences and in the cafeterias and so on. That will cost us about \$1 million in revenue. In some of the loopholes in which we intend closing in here we will pick up, it is estimated, about \$800,000. Some of the loopholes in here are the rental of microwave facilities for instance. We had taxed CJON, for instance, on the rental of microwave facilities from CNT. They refused to pay it saying it was not covered under the Act. The opinion of the Department of Justice was that they were correct, that telephone, teletype and telegraph could not be construed to include microwave facilities, and so an amendment is in there to change that, to make sure that that is taxable and would also at the same time of course give us the ability to tax the cable TV companies when they start using the microwave circuits.

There is also an amendment in there to extend the tax to cable TV when it comes into the hands of the consumer.

There is a clause in there to amend the Act to close the loophole in repairs to furniture and appliances and so on. Right now the act only applies to domestic establishments and that seems to be most unfair. Business establishments are not taxable for the repairs to furniture, appliances and so on. And so this will extend it to the business establishments.

There is an amendment in there to tax the provision of services, for example, telephones to employees of

MR. DOODY: the Avalon Telephone Company using its own, the Newfoundland Telephone it is now, or a Bell subsidiary, allowing the internal use of many phones and its own facilities across the Province. It does not pay taxes on them. There are also other areas: hotel owners who would put their own staff up and not pay tax on the rooms, or feed them and not pay tax on the meals and this sort of thing is covered.

And that is about all there is to that. There is a couple of other small items there, none of them are of any great significance I say. And so, Sir, I commend that resolution to the House for its consideration.

Motion, that the Committee report having passed the resolution and a bill consequent thereto without amendment, carried. (Bill no. 77).

MR. HICKMAN: Mr. Chairman, before I rise the Committee may I ask leave to revert back to Bill No. 76, because it has been noticed that there is an incorrect renumbering of the Clauses, we have two Clause 2's. So I move that the bill be amended by renumbering, starting with the second clause 2 on page 2 and renumbering them to put them in consecutive order.

MR. DOODY: Clause 2 is Clause 3, Clause 3 is Clause 4, and Clause 4 is Clause 5.

MR. HICKMAN: The second Clause 2 is Clause 3, 3 is 4, and 4 is 5, 5 is 6, and 6 is 7. That is new math.

On motion, amendment carried.

Motion, that the Committee report having passed Bill No. 76 with 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 having considered certain resolutions and bills consequent thereto being Bills Nos. 79, 78, and 77 without amendment, and Bill No. 76 with amendment, and recommend that said bills be introduced to give effect to the same, and ask leave to sit again.

On motion, report received now
by leave.

On motion amendments read a first and second time.

On motion the following bills read a first, second and third time, ordered passed and title be as on the Order Paper.

A bill, "An Act To Amend The Insurance Premiums Tax Act" (Bill 79)

A bill, "An Act To Amend The Tobacco Tax Act" (Bill 78)

A bill, "An Act To Amend The Retail Sales Tax" (Bill 77)

A bill, "An Act To Amend The Income Tax Act" (Bill 76)

MR. HICKMAN: Mr. Speaker, orders No. 8, No.9 and No. 10. These are bills No. 46, 43 and 42. I ask leave that these three bills be withdrawn as the matters contained in these three bills were subsequently incorporated in the four bills that we have just passed, in three of the four bills that we have just passed.

MR. SPEAKER: Does the hon minister have leave to withdraw Orders 8, 9 and 10 referring to Bills No. 46,43 and 42 respectively from the Order Paper? Agreed.

SOME HON. MEMBERS: Agreed.

MR. HICKMAN: Mr. Speaker, I move that the remaining orders of the day do stand deferred and that this House on its rising do adjourn until tomorrow, Tuesday at ten o'clock and that this House now stand adjourned.

MR. SPEAKER: It has been moved that the House adjourn until tomorrow, Tuesday at ten a.m. Those in favour "Aye", Contrary "Nay", Carried.

This House stands adjourned until tomorrow, Tuesday, 10a.m.