

PRELIMINARY

UNEDITED

TRANSCRIPT

House of Assembly

For the period:

3:00 p.m. - 6:00 p.m.

Thursday, March 10, 1977

The House met at 3 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order please!

I would like to welcome to the House of Assembly three groups of students who are here this afternoon: from St. Paul's Central High School at Harbour Grace, sixty-four grade seven and eight students, accompanied by their teachers, Mr. Clyde Reynolds, Mrs Pauline Snow and Mrs Julia Moores; from St. Augustines Elementary School in St. John's, twelve grade eight students accompanied by their teacher, Sister Josette Hutchings; and from Vaters Collegiate in St. John's, twelve grade eight students accompanied by two teachers, Mrs Fred Halfyard and Mr. Jim Bowden.

On behalf of all hon. members from both sides of the House I welcome these young men and women and their teachers to the House of Assembly.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: I am also pleased to note in the Speaker's Gallery the presence of a former Member of the House Assembly and former Member of Parliament from Newfoundland, Mr. Charles Granger.

MR. ROBERTS: A Privy Councilor.

MR. SPEAKER: A Privy Councilor.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: And I should add, for hon. members who may not be aware, Privy Councilor.

STATEMENTS BY MINISTER

MR. SPEAKER: The minister of Tourism ,

MR. HICKEY: Mr. Speaker, I wish to make the following statement concerning the Domestic Travel Survey.

The Survey will be conducted throughout the Province during the next twelve months. The purpose of the study is to obtain comprehensive and reliable information relating to travel of and by the residents of the Province. The Province has been broken down

MR. HICKEY:

into five regions for surveying purposes. They are as follows: The Avalon Peninsula, Burin-Bonavista Peninsulas, Central Newfoundland, Western Newfoundland and Labrador. Formal interviews conducted via telephone commenced on the evening of March 2nd. All interviews will be conducted during the evening hours.

The Domestic Travel Survey will enable the department to apply the results to the following purposes:

- (1) Economic Research- To determine the amounts residents spend on travel and tourism associated activities in the Province and outside of the Province. In other words, the economic value of the Province of Intra-Provincial travel by residents;
 - (2) Marketing Research - To identify origins and destinations of travel by residents which will become input to an advertising program designed to encourage residents to stay at home. This program would be a step towards bringing an awareness of the Province's tourism potential to the residents;
 - (3) Development Research - To identify areas of the Province most visited or not visited, and to determine the reasons why.
- Further,

Mr. Hickey:

to determine what the residents of Newfoundland and Labrador require from a travel point of view.

The end result of the survey being the further development of the Province's valuable tourism resource. Because of the importance of the study, as outlined, I appeal to all people who will be contacted for their co-operation with the interviewer. Interviewers have been sworn to secrecy and all information gathered will be strictly confidential.

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

MR. NOLAN: Yes, I would appreciate having a copy of the minister's remarks, if I may. We listened with great interest to what he had to say. And the survey will be quite interesting particularly as it applies to domestic travel and the fact that maybe Newfoundland ~~has~~ ~~the~~ opportunity to get - I remember the Americans for a long while I think from Chevrolet on commercials used to run ads, "See America First." Maybe we should start thinking about Newfoundlanders having a greater opportunity to see more of their Province.

As a matter of fact it is a matter of personal regret to me that I was not successful in one foolish venture perhaps that I had in mind at one time. And I always felt that young people in Newfoundland, perhaps adults as well, should have had an opportunity to see Churchill Falls before it disappeared. And I made an attempt in one area to try to get something done in that regard. I did not get very far with it at the time, I did it publicly. But I thought that you should have had an opportunity to see that. I only mention that in passing because the marketing research that the minister refers to should be most interesting. It is not my purpose, at least on behalf of our group, to object to this. We would like to have more detail obviously than we have at the moment.

Mr. Nolan:

I wonder if it is permissible, Mr. Speaker, if I could just sound off for a moment on another little pet theme of mine for the benefit of the Minister of Tourism in connection with this, not only to make Newfoundland better known to Newfoundlanders, which was the theme-

MR. WHITE: A great slogan.

MR. NOLAN: - that used to be espoused by a certain gentleman to my right, at least every evening for a number of years.

MR. SIMMONS: Thank you, 'John'!

MR. NOLAN: I did not know you did it, 'Roger'. But anyway - I was not aware that the hon. member was at one time a barrelman in some part of Newfoundland. But there is one little thing I have often thought about and I am wondering if perhaps the minister might not consider it, and it is this; I have always felt that there are fillers used on radio all across Canada and throughout the world in fact, and short one line facts on Newfoundland, one or two lines, short paragraphs, could be used as fillers taped here in Newfoundland and -

MR. WHITE: So long as they are not turned in jokes.

MR. NOLAN: Pardon?

MR. WHITE: As long as they are not turned into jokes.

MR. NOLAN: As long as they are not turned into Newfy jokes, of course. And I certainly did not mean that obviously.

MR. SIMMONS: Or government propaganda .

MR. NOLAN: Or government propaganda or any propaganda, I mean it is propaganda for Newfoundland.

MR. NOALN: On short facts, have them recorded, which will cost very little, incidentally, if it was done right, and put into every radio station across Canada, I am sure you would get the Canadian Association of Broadcasters and other groups, the Atlantic Association of Broadcasters to assist in this, and they would be there, they would not necessarily be paid for spots, I am not suggesting that,

Mr. Nolan:

they would be fillers. And I believe that it might be something for the minister to consider one time, and I would be quite happy to talk to him about it any time.

SOME HON. MEMBERS: Hear, hear!

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

MR. J. ROUSSEAU: Mr. Speaker, I would like to make a statement on the Auditor General's report finally. It is only nine pages so if hon. members will stay with me.

MR. NEARY: Can we have copies?

MR. ROUSSEAU: Yes, copies will be distributed. I will try to be as comprehensive as I can. After I have given this I will be prepared then in the days ahead to handle specific questions. My acting Deputy Minister and other officials, I assume, will appear before the Public Accounts Committee and will give any other details that are wanted, because certainly there is nothing to hide as far as the department is concerned in this instance. But I will try to make it as specific as possible but, like I say, where there are in the future individual questions, if I cannot give the answers at the moment they are posed I certainly will undertake to get them as soon as possible.

Mr. Rousseau.

My statement will deal in the first instance with the comments of the Auditor General as they appear in his report on the Department of Public Works and Services, pages 103 to 113.

No. 92, Overpayment for leased office space. In January 1975 my department in consultation with the Department of Social Services agreed to relocate the Welfare Office at Marystown to more suitable accommodation which was offered to my department at a rental rate considerably less than the renewable rate offered by the then lessor. The Auditor General's statement that my department made a rent overpayment of \$3,370 is based on a clause in our standard rental agreement to the effect that payment of rent by the tenant shall be waived until all repairs and alterations are satisfactorily completed. In this particular instance that clause was negated by the lessor's letter -

MR. WHITE: To a point of order.

MR. SPEAKER: A point of order has come up.

MR. WHITE: Mr. Speaker, I am listening with interest to try to hear what the hon. minister is announcing today, and there several conversations going on on the other side, and I cannot hear it.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: I would ask hon. members to observe the request of the hon. gentleman to my right so that he may hear the hon. minister without difficulty.

The hon. minister.

MR. ROUSSEAU: The Auditor General's statement that my department made a rent overpayment of \$3,370 is based on a clause in our standard rental agreement to the effect that payment of rent by the tenant shall be waived until all repairs and alterations are satisfactorily completed. In this particular instance that clause was negated by the lessor's letter dated January 28, 1975 which quoted a rental rate of \$4.85 per square foot per annum valid only on the basis that rental payments would become effective February 1, 1975. Because of the untoward delay in making the premises

Mr. Rousseau.

suitable for occupancy my department, after considerable negotiations with the lessor settled on the compromise date of May 1, 1975, thus effecting a saving of three months rent.

No. 93. Expenditure without legislative appropriation. This refers to the purchase of the Whitbourne Dental Clinic which had been in operation in the area since 1973 - first by the owner on a fee-for-service basis and subsequently by the Department of Health under a lease agreement. Dr. Bennett, who had relocated in St. John's, advised the Department of Health in February, 1974 that he wished to discontinue the rental agreement and sell the property. The department, at the request of the Department of Health and with Treasury Board approval (TBM 386 - '75) purchased the property for \$24,000 - \$4,500 below the appraised value. The cost was allocated to Subhead 1803.05, Buildings, Construction and Alterations (Capital) on the basis that it covers not only new construction and major alterations but also the purchase of existing structures - the end use being synonymous. The Auditor General disagrees with our interpretation. Perhaps my department should amend the wording of this particular Subhead in order to provide for similar emergency purchases which may arise at some future date.

No. 94, Disputed application of spending authority. It is true that certain general service charges are voted by the Legislature on the basis of the Estimates of the Department of Public Works and Services and Appendix IV of the approved Estimates for 1975-76 does show details of the estimated expenditures -

MR. SMALLWOOD: What is all the noise?

MR. ROUSSEAU: I do not know, Mr. Speaker. I am having trouble reading and thinking myself with the noise, you know, in the Chamber, around the Chamber, out of the Chamber and everywhere else.

MR. NEARY: There seems to be a hum all around.

MR. DOODY: It is outside. It is not in here.

MR. NOLAN: I assume what the member is referring to is a point of order, and I certainly could not help but support him in this as I am sure we all do. There is one heck of a hum going around here. And whether it is inside or outside the House - well if it is outside the House, of course, it is completely out of order anyway, and inside the House I would assume the Speaker obviously will make a ruling on that - but the minister is now attempting, as I understand it, to answer a number of questions which are of vital interest not only to this House but in many areas of the Province and surely we can find some way - it is not beyond the wit of this House - to see that he is heard in silence.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Hon. members will please endeavour to remain silent so that all hon. members can hear the minister's statement.

MR. ROUSSEAU: Thank you very much, Mr. Speaker.

I was not referring to within the Chamber.

I think I was referring to without the Chamber.

This is No. 94. Disputed application of spending authority.

MR. ROUSSEAU:

It is true that certain general service charges are voted by the legislature on the basis of the estimates of the Department of Public Works and Services, and Appendix IV of the approved estimates for 1975-1976 does show details of the estimated expenditures which are applicable to the various departments of government. The amounts allocated to each department set the limit of expenditures which the department may properly incur for subsequent transfer to the respective departments.

Because of the peculiar and essential nature of these general services my department for a variety of reasons is often forced to rearrange the order of expenditures during the year. It is generally agreed that to approach Treasury Board in each instance where a non-budgeted item is essential would create unnecessary and undue expense as to time, effort and paper work, not to mention the delay in providing essential government services. It is impossible to budget for services of which we may not even be aware seventeen or eighteen months in advance. Our record will show, however, that where major differences are involved Treasury Board approval is invariably requested.

The services provided comprise some 260 subdivisions and represent the following categories in each departmental vote: Number one, repairs and maintenance to public buildings and grounds; two rentals, cleaning, light, etc.; three construction and alterations; four office supplies and advertising; five office furniture and equipment; six printing and photography.

While different allocations are occasionally set up with the six general service votes, they are not really new from a cost point of view, rather they represent the transfer of an authorized allocation from one department to another; for example, the occupant of a building may belong to a division of Head X, This occupant may vacate and a new occupant of, say, Head Y may move in. The service budget for this building must then be transferred from Head X to Head Y. The normal procedure is to forward a memorandum to the Comptroller requesting a

MR. ROUSSEAU:

transfer of the related budget. In spite of the Auditor General's comments it is my considered opinion that (a) transfers between departments within the service votes are inevitable; (b) there is bound to be a multiplicity of these transfers; (c) the delays in seeking the Board's approval - Treasury Board that is - would seriously impede the provision of Government services and involve costly administrative work; and (d) the Department of Public Works and Services should be given the approval to continue transfers within the general service votes, after it has been voted for within the legislature.

Number 95, Failure to comply with Order-in-Council. The Auditor General's statement that my department does not comply with the appropriate Order-in-Council is not fully correct. Number (1) the space leased at Marystown I have already dealt with to some extent, which was Section 92 of his report. It was, in effect, the renewal of an existing lease for which my department did not require Treasury Board approval since no new public expenditure was involved. The relocation from one lessor to another did in fact represent a saving of \$5,951.85 compared to the renewal of the existing contract with the lessor.

(11) Buildings 34, 35, and 86, Goose Bay, were leased for an interim period on a \$1.00 per year basis from the Department of Transport, Canada, pending the takeover of the Goose Bay facilities by the Provincial Government. Negotiations were handled by the Department of Education and the Department of Industrial Development. The Department of Public Works acted as a leasing agency, following Treasury Board approval in September of 1973 of our request for funds covering necessary repairs and maintenance of the buildings concerned. The formal lease was not entered into until January, 1974. It would appear, therefore, that Treasury Board was fully conversant with the situation and had no objection to the interim arrangement.

(11) - and I forget exactly which building that was - admittedly we erred, through an oversight, in not seeking Treasury Board approval

MR. ROUSSEAU:

for 283 square feet over and above what was originally approved by Treasury Board in this instance.

Section 96 of the Auditor General's report, Weaknesses in internal control over the spending of public monies. I agree with the Auditor General that my department should not be using direct purchase order forms as work orders covering repairs and maintenance of buildings. This is a fairly recent development which was accepted by the department with considerable reluctance following directions from the Government Purchasing Division in order to implement Government's decision to reduce the

MR. ROUSSEAU: number and variety of forms in use at that time. Prior to that, the department used a separate work order book to which the restrictions referred to by the Auditor General did not apply and could not therefore be made to apply simply by changing the work order form. Because of the nature of the work involved it has always been difficult to place a limit on the expenditure covered by a work order. Their prime purpose is to regulate and control work to the extent approved by the authority of the Minister of Public Works and Services. It is my considered opinion that a separate work order book should be reinstated and I shall be pursuing this at a later date.

And that is where the \$100 comes in; under a purchase order for the direct purchase of materials, you are on an urgent job, a man is able on an inspector's okay to purchase \$100 through a purchase order. But that is not the work order. The work order was used in a purchase order book which, as I say, will be rectified. There should certainly be two orders, one a purchase order and one a work order.

The three companies, labeled A, B and C by the Auditor General as receiving substantial amounts of work, are considered by departmental officials to be extremely well qualified with an adequate supply of personnel and equipment to enable them to undertake the many complex jobs required by the Department, sometimes on very short notice. The Auditor General failed to point out that some 16 or so companies are actually employed by the Department from time to time, depending on availability and the complexity of the job. Any of the companies used by the Department must be prepared, on very short notice, to answer an emergency call for maintenance of one sort or another. And I have not put in Exon House, a hospital, a boiler blowing, a circuit blowing, this sort of thing which are the details I say that I would certainly make available to the House

MR. ROUSSEAU: should they require that.

MR. NEARY: Who are companies A, B, and C?

MR. ROUSSEAU: Any of the companies used by the department must be prepared on very short notice to answer an emergency call for maintenance of one sort or another. They provide service on call at all hours, weekend and holidays included, and any contractor not meeting this criteria immediately loses any standing he may have with the Department. The rapidly increasing expenditure in our day to day maintenance programme brought about undoubtedly by increased material and labor cost, has been a matter of great concern and during the past year the department has initiated studies, in consultation with Treasury Board, regarding various procedures which may be implemented to try and reduce this cost. It is hoped that some of these procedures will be implemented in the new fiscal year.

However, we are cognizant of the problems that have developed over the past few years - increased cost due to inflation, wages and cost of materials. Surely it is not impossible to understand how costs have increased over the past five years or so and further understand that total amounts do not represent only an increase in expenditure but rather an increase in costs. And I suggest there is a very fine difference there but there is a difference.

It is unfortunate that the issuance of several orders for what is basically the same job, or at least the same building, tends to create the impression it is a deliberate effort to circumvent the Public Tender Act. Such, however, is not the case. In most instances it is difficult, if not impossible to accurately estimate the final cost and because of the nature and urgency of the project it is not considered feasible to prepare necessary plans, specifications, etc., to enable us to invite public tenders. The following jobs listed by the Auditor General are prime example - and I am going to go through each of the seven or eight different buildings he names in a list:

MR. ROUSSEAU:

Building No. 4, Sanatorium - \$15,506

When this building was vacated by the Department of Health it was tentavieley scheduled for use as a Boys' Home. During preliminary renovations by our departmental construction staff it was discovered that a new electrical service and other essential electrical repairs were necessary. The cost of this work was underestimated but considering the nature of the work this is, I suggest, understandable. Nobody when they first went down to work there thought the work would be \$15,000 and that is unestimation of the actual cost of the job by the departmental officials.

District Vocational School, St. Anthony - \$16,157 (6 work orders)

The main switch gear in this building caught fire and destroyed much of the service equipment, leaving the building without power and heat. In order to avoid closing the school, the electrical contractor during construction was engaged to make immediate temporary repairs. Following subsequent inspections by departmental inspectors, permanent repairs to the service, and in various other areas of the building, were authorized. The work orders covered the temporary repairs and various stages as work progressed.

Heavy Equipment School, Stephenville - \$19,379 (4 work orders)

Students and Instructors from the District Vocational School, Stephenville, undertook, as part of their training programme, to perform certain structural alterations to provide additional classrooms and related services in this building. The department was requested to provide the necessary electrical and mechanical services. The work by the students and staff was done over a considerable

MR. ROUSSEAU period of time, hence the separate work orders by the department.

The Lemarchant Building - \$34,284 (3 work orders)

This was in fact three separate projects undertaken at different times in the same building to accommodate three separate divisions of government. The first, electrical services and additional electrical facilities for the Chief Electoral Officer who was relocated from the Colonial Building; secondly, renovations to provide accommodations for the Department of Public Works and Services stockroom, relocated from the Confederation Building; and thirdly, improvements and alterations to the Department of Transportation and Communications facilities already located in the building.

Building 1170, Pleasantville - \$23,848 (6 work orders)

This is the main highways depot at Pleasantville. During this period the department installed a mezzanine floor and provided office accommodation to relocate a section of the engineering division from the Confederation Building. Structural work was performed over a period of time by our own forces. Electrical and mechanical work was performed by outside contractors. The extent and scope of the work could only be determined as the structural work progressed and work orders were issued for each phase.

Prison Camp - \$15,994 (3 work orders)

This covered three separate projects. First, the installation of outlets and repairs to wiring in the barn; two installation of laundry equipment and additional outlets in recreation room in inmates' quarters; and thirdly, renovations to the basement area to provide additional sleeping accommodations for inmates.

Exon House - \$16,747 - (3 work orders)

Ceilings and walls were replaced in several areas of the building, again using our own carpentry forces. The resulting changes in the electrical system were performed by an outside contractor to whom orders were issued for the various

MR. ROUSSEAU: sections of the work as required. Because of the function of this institution the work could only be done in stages, in various areas and at selected times, hence the separate work orders.

King George V Institute - \$24,579 (6 work orders)

This is an excellent example of one of our older buildings in which it is almost impossible to determine the extent of electrical and mechanical work required to complete renovations once they are started. The work was spread over a period of time, under the supervision of our departmental electrical inspector, and work orders were issued to cover the various phases as work progressed.

The Auditor General's concern regarding late issuance of formal work orders and delay in certification of invoices is certainly shared by the department. Work orders issued after work is performed are, because of the nature of the work involved, often unavoidable, even under the best conditions. The workload during this particular period, combined with limited staff, tends to aggravate the problem. I am equally concerned and every effort is being made to ensure that such instances in future are kept to an absolute minimum. Invoices can only be certified for payment after they are received and checked. Contractors sometimes, for various reasons, delay forwarding invoices; for example, some minor component is in short supply and the job cannot be fully completed. In other instances the inspector, because he is not fully satisfied with the job, may delay certification pending remedial action by the contractor.

It was the practice for many years for the inspector responsible to alone sign work orders. I think reference was made to that in the Auditor General's Report. The directive that all work orders must be countersigned dates from December 3, 1975, and while there may have been a few instances since then when orders may have inadvertently not been countersigned, every effort has been made by all staff to comply with this Directive.

MR. ROUSSEAU:

Lack of Documentation of the receipt of goods and services, Section 97.

My department is always conscious of the need for control over expenditure and documentation relating to the receipt of goods and services, and a continuing effort is being made compatible with our resources and staff to provide this control as adequately as possible. On July 16, 1976, new procedures were initiated for the documentation and recording of goods and services which appear to be functioning satisfactorily.

There is another one on page 19 which makes separate reference to my department, Section 23, and it is unfortunate that the Auditor General - I think he sent a note - from the St. John's Housing Authority which should read, I think -

AN HON. MEMBER: The St. John's Housing Corporation.

MR. ROUSSEAU: The St. John's Housing Corporation, yes.

In 1970 the government agreed to sell 155 acres of land to the St. John's Housing Corporation. The agreement specified that payment would be made after the building lots were developed and sold. Subsequently, in accordance with Order-in-Council

MR. ROUSSEAU: 419-'75, 17.23 acres were returned to this department on the basis of a proportionate credit to the original agreement plus an appropriate amount to cover certain improvements undertaken and paid for by the Corporation. On October 28, 1976, the department wrote the St. John's Housing Corporation requesting payment of the outstanding balance of \$272,300. It is anticipated that this will be received before the end of the present fiscal year.

The Auditor General's comment that no attempt had been made to collect the balance of the \$350,000 is, I suggest, not a fair statement, in that my officials were fully aware that payment was not receivable until the lots were sold and this, I understand, is only now in its final stages.

Gentlemen, on page 9 I have listed 16 or so companies that the business of government is carried on with in this, and that the amounts of these companies vary from small amounts to larger amounts. Company (A) is A.B. Walsh, company (B) is Noel Electric and company (C) is Noel Mechanical.

MR. NEARY: I was right on target.

MR. SPEAKER: Hon. member for Burgeo-Bay D'Espoir.

MR. SIMMONS: Thank you, Mr. Speaker, let me begin my response to the minister's statement by thanking him for making the statement. It is some time since we first asked these questions and about a month since the Auditor General tabled his report and made it available to the House. However, if the minister can be judged by his colleague he is well ahead of the game, and my first comment, Mr. Speaker, would be one to his colleagues to follow his example.

The minister, I believe, is the first minister to reply fairly fully, whether adequately is a question we will come to, but fairly fully to the various paragraphs in the Auditor General's Report about which the Auditor General has raised

MR. SIMMONS: questions or reported findings or made recommendations. And in that respect I particularly thank him for being apparently fairly comprehensive. He has had the benefit of studying the statement, I have not, I have just heard it now for the first time, and I want some time to have a look at it. I do not think it would be fair to either him or to the House or his department, which has obviously done the work on this statement, to hastily comment on the substance of the statement except in one or two respects that do not particularly require a perusal of the details and I should do that right now.

The statement does attempt to answer a number of questions that were raised by me and by my colleague from Fortune-Hermitage, who is the opposition spokesman for Public Works and Services. Whether or not the statement answers them satisfactorily, or answers the criticisms of the Auditor General satisfactorily, remains to be seen. Mr. Speaker, as chairman of the Public Accounts Committee I will have the opportunity along with my colleagues in committee to peruse this statement, to scrutinize it fairly carefully both in committee and subsequently in the House will have opportunities to not only comment further on it but to raise any further question that might be required or we might think may be necessary having perused the statement.

In view of that, Mr. Speaker, I believe it is sufficient to thank the minister for his statement and to give him notice that if the statement raises more questions that it answers he can expect us to be back with those questions.

SOME HON. MEMBERS: Hear, hear!

o o o

MR. NOLAN: Could I revert to petitions, Mr. Speaker.

MR. SPEAKER: Does the hon. gentleman have leave to revert to petitions? Agreed. The hon. member for Conception Bay South.

PRESENTING PETITIONS:

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Tape 885

AH-3

MR. NOLAN: Yes, This petition that I would like to present to the House, table for the House, is concerning the Department of Transportation and Communications. I did not have an opportunity to chat with the minister about it earlier but I have written him on this matter and I am sure I will no doubt be getting a reply and so on in short order. It concerns a group of people, Mr. Speaker,

MR. NOLAN:

about twenty-eight people have signed this, and it refers to a well at St. Phillips. Now the well was destroyed, according to the prayer of the petition, by the Department of Transportation during road construction done on Church Road in St. Phillips. And they apparently, the residents there, have been in contact with several people concerning this matter and they have not been able to get any satisfaction at all. And they are now outlining through this petition the situation regarding the problem that they have. Apparently two years ago the Department of Transportation and Communications upgraded and paved the Church Road. In the years preceding this construction the residents there had a good well both in Winter and in Summer. The well had never gone dry at any time and soon after the new paving was completed the well went dry. Now this never happened before. And since that time they have now surface water in the Winter and they have to carry water from neighbors during the Summer to supply their needs. That is some substantial distance.

"We feel"; they say, "that this is not just", and who can disagree with them.

MR. ROBERTS: Hear, hear!

MR. NOLAN: And they ask now that we do what we can here in this House to see if we cannot do something now about this matter so that they will not be faced again this Summer with the situation that they do not relish, and nor would any of us incidentally if we were in the same position, the thought of having to bother neighbours and having to take from their water supply which often times is low anyway. So I would appreciate it very much if the minister concerned would have his officials look into this matter. As I said I have already written him on it just today. And I table this now in the hope that it will receive the support of the House and I would think the Minister of Transportation and Communications, since I know - I mean, no one attempts to, for example, criticize him for doing some upgrading and paving on Church Road in St. Phillips, certainly not. But the fact is that certain things have happened which I have attempted

MR. NOLAN:

to outline here and it is for this reason, Mr. Speaker, that I bring this petition before the House at this time and ask that I be permitted to table it and have it referred to the Department to which it relates.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I support the petition so ably presented by my hon. friend, the member for Conception Bay South (Mr. Nolan) on behalf of twenty-eight of his constituents who live on Church Road in St. Phillips. Mr. Speaker, it would seem to be from the prayer of the petition, and from what the hon. gentleman said in presenting the petition, that the people living along that road, Sir, who lost their water supply would have recourse to take legal action against the Department of Transportation and Communications. I believe, Sir, that the department, if they are indeed - if it can be proven that they are responsible for taking away that drinking water that these people were using there, that the minister's department has no choice but to put an artesian well back there so that these people can get some drinking water.

I do not know if the minister has had an opportunity to look into the legal aspects of this, but from what the member said it certainly would seem to me that the Department of Transportation and Communications have a legal obligation to replace that water supply. I would like to hear the minister's comments. So, Sir, it gives me pleasure to support the prayer of the petition.

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

MR. ROBERTS: I would like to say just a word or two in support of the petition. I think the arguments have been well put forth by my friend and colleague from Conception Bay South (Mr. Nolan), and I think the gentleman for LaPoile (Mr. Neary) has, as always, added to the discussion. All I want to say is that I think the request is a very reasonable one. I live quite near St. Phillips. My family and I live a mile or two up the road in the local improvement district of Hogan's Pond which I gather if the Minister of Municipal Affairs has

MR. ROBERTS:

his way and wisdom does not prevail will shortly become part of the new large community of St. Thomas-St. Phillips-Hogan's Pond.

MR. DINN: We will allow the people to decide that.

MR. ROBERTS: Well I am very grateful indeed. I think if the minister allows the people to decide that, that is the right and proper course. But in any event that is a little away from the petition, as interesting as the point is. I think the request is a reasonable one, Sir. These people would like a well dug. A lot of people would like wells dug and there have been a lot of wells dug. There have been a number dug in my district, Sir, and I hope that shortly the government will even see fit to put pumps in on them. They have spent the \$10,000 or \$15,000 on each of a number of wells and have not spent the \$500 or \$1,000 to put the pumps there.

MR. NEARY: Is that the Maynard wells?

Mr. Roberts.

Yes, these are the Maynard Wells, but that is not the gentleman from St. Barbe South, Sir. It is his good wife, a gracious lady, who engaged in a democratic exercise a year and one-half ago. But be that as it may, the wells are there, and we are delighted to have the wells. All we want is the pump to get the water out of the 200 or 300 foot deep well. . But these people, Sir, in my friend's district, had a water supply until the actions of the government directly took away their water supply. Nobody intended to do that. I am sure that my friend and jousting mate from Bonavista South, the Minister of Transportation and Communications, had no thought that that would be the result of laying pavement on the Church Road, but it was the result obviously. I think there is a clear case here of cause and effect, and I think since the government caused it, it is up to the government to remedy the problem, and the obvious remedy as the petition requests is to have a new well drilled.

So I would hope that the gentleman from Pleasantville (Mr. Dinn), the Minister of Municipal Affairs, will arrange to have the necessary well drilled this year. I think these people deserve it, Sir, and I think it is an entirely reasonable request and one which should be granted.

SOME HON. MEMBERS: Hear, hear!

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

MR. SIMMONS: Mr. Speaker, I would like to support the petition presented by my colleague from Conception Bay South (Mr. Nolan). It raises an issue which is a fairly common one.

CAPT. WINSOR: It is not an isolated issue.

MR. SIMMONS: As my hon. colleague from Fogo has so well pointed out, it is not at all an isolated issue. It is an issue that creates problems in many areas of the Province, and I rise not only to support the motion to the petition but also to draw attention to a possible solution to it, Mr. Speaker. A fair amount of time the problem is created

Mr. Simmons.

because of either a lack of actual co-ordination between the Department of Transportation engineering people and the local authorities, either a lack of co-ordination or a lack of communication, a lack of articulation as to who is responsible for the problem. And often in some of the smaller communities, with the volunteer councils and no full-time staff, it is very difficult for the aggrieved person - the person with the well which has got salt in it because of road construction - it is very difficult for that person to know who to talk to. And I had an example only in the last month or so which I referred to the Assistant Deputy Minister of Transportation, and he checked it out for me, and he was able to produce documentation to the effect that it was not the department's problem, this particular case, but the responsibility of the municipality involved. Here was this lady who had talked to me about the matter, living literally feet from the town clerk in that particular municipality, and was of the impression that it was the responsibility of the department and was, therefore, saying the appropriate things about the department over the past two or three years. I just use that as an example, Mr. Speaker, to point up the need for the department having done its very necessary work, engineering and so on, to get roads, to change road routes or to acquire extra - what is the word I am looking for? - right of way and so on, having done these things to make sure that the follow-up is done in terms of making it crystal clear to the landowner, to the resident, to the municipality, just whose responsibility the consequences may be. That would remove a fair amount of the aggravation which results in this kind of problem.

I hope in making that particular point I have not subtracted at all from the overall worthiness of the petition by my colleague from Conception Bay South (Mr. Nolan). I heartily endorse it and just reiterate that it is a problem affecting a lot of

Mr. Simmons.

people. And the Minister of Transportation, in particular, would do well, and the Minister of Municipal Affairs would both do well to have a look at it with a view not to spending large sums of money necessarily, but a view to articulating the problem, and rationalizing the problem somewhat to the satisfaction of all concerned.

SOME HON. MEMBERS: Hear, hear!

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN

MR. SPEAKER: The hon. Minister of Education.

MR. W. HOUSE: Mr. Speaker, I would like to table the answers to Question Nos. 119, 120, and 121 appearing on the Order Paper of February 17 asked by the hon. member from LaPoile (Mr. Neary). Question 119 is regarding the facilities for the teaching of French on the French island of St. Pierre and Miquelon. Question 120 is regarding the disposition of houses formerly owned by Memorial University. And Question 121 is a question regarding the operation of the Harlow Campus.

ORAL QUESTIONS

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

MR. E. ROBERTS: Mr. Speaker, obviously, Sir, the government have been so seriously delinquent in giving information, and all of my colleagues have questions. Mine, Sir, is an important matter which I would like to ask of the jovial gentleman from Bonavista South (Mr. Morgan), my friend, my soul mate, the Minister of Transportation and Communications, Sir, and it has to do with the ferry service between the community of St. Barbe in my district, and the Labrador side of the Straits of Belle Isle, the ferry actually as we know goes to Blanc Sablon in the Province of Quebec. Could the minister tell the House, please, Sir, what steps either he or his officials have taken with a view to ensuring that a new ferry is made available on that route this year? And by way of explanation, Sir, there has been a ferry service as the House knows for a number of years, but the contract under which that service was operated has expired and there are some efforts being made by two groups to get a contract from the Government of Canada with respect to a new "ferry" and I would like to know what efforts the minister has made with respect to that, Sir?

MR. SPEAKER: The hon. Minister of Transportation.

MR. J. MORGAN: Mr. Speaker, the ferry service across the Straits from the St. Barbe Coast to Blanc Sablon, it is really in

Mr. Morgan:

the Labrador portion of our Province, that ferry service has been felt by the Department of Transportation, provincially, as being inadequate for quite some time. Last year in 1976 my first attempt to get some improvements were with the Canadian Transportation Commission. I sat down and met with Mr. Allan Campbell, the Chairman of the Water Transport Committee of the Canadian Transportation Commission. Mr. Campbell was very sympathetic and responded favourably to the request from the Provincial level. However, he clearly indicated in order to improve the service there had to be an increase of subsidization because the larger boat would cost more to operate and therefore the CTC would have to seek additional funds from the Ministry of Transport to improve that ferry service.

The most recent correspondence between the department and the Federal level of government because the Water Transport Directorate now appointed in the Ministry of Transport, Mr. Marsham, not Marchand, but Marsham, and he is responsible for co-ordinating the operations of these type of ferry services. And we again have repeated the urgency of having a larger vessel established in that service to improve the service. It is now up to the CTC and the Ministry of Transport whether or not they approve from the budgeted level of the Federal level of government, additional funds to enable the increased subsidization of a larger boat. It is outside of our jurisdiction, it is strictly the Federal level of government, but we have made considerable representation over the past number of months, and we are of the opinion in recent correspondence that the Federal level of government will be increasing their subsidization.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: Mr. Speaker, a supplementary.

MR. SPEAKER: A supplementary.

MR. ROBERTS: Mr. Speaker, I thank the hon. gentleman for his information. Could he tell us, Sir, whether the Government of the

Mr. Roberts:

Province have offered any degree of financial assistance at all with respect to the increased subsidization, and as the minister I would think is probably aware, we are talking of an increase of 100 per cent from about a quarter of a million dollars a year subsidy on the former service to about a half million dollars a year, I am told, in respect of each of the two bids which have now been submitted?

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

MR. MORGAN: No, Mr. Speaker, the answer to that

MR. MORGAN: question is no. That ferry service is one of seven that we have in the Province. It is a bit different from the other six, because it can be considered as an inter-provincial ferry service between provinces.

MR. SMALLWOOD: What are the other six?

MR. MORGAN: The other six are the ferry services to Greenspond, to St. Brendan's, Fogo Island, Change Islands, Long Island, and Bell Island. These are the six ferry services.

These ferry services are subsidized by the federal government through the funds being allocated from the Ministry of Transport to the CTC, and the CTC approving the budget of each of the operators of these ferries. These services have been maintained and subsidized since Confederation and in fact in 1973 the seventh one, I call it the seventh ferry service, was initiated to Long Island. And that was also subsidized by the federal level of government.

So all seven are in our view the responsibility of the federal government and at this time we have no intention of placing any funds with regards to allocation first of all for subsidization of the operations in current account, or with regards to allocation of funds for capital account for the construction of facilities.

MR. SPEAKER: The hon. member for Lewisporte, followed by the hon. gentleman from LaPoile.

MR. WHITE: Mr. Speaker, I have a series of questions for the Minister of Transportation and Communications and it relates to the use of government aircraft.

MR. ROBERTS: Hear! Hear!

MR. WHITE: Mr. Speaker, I wonder if the minister could tell the House if there is only one company that the government deals with in terms of chartering helicopters in particular around the

MR. WHITE: Province and if so, tied in with that same thing, tied in with the same question, who has the authority to take a helicopter, or to hire a helicopter? Is there one specific person or a number of persons or all ministers, or what is the situation?

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

MR. MORGAN: Mr. Speaker, the Air Services Division of the Department of Transportation and Communications has a contract with the company Universal Helicopters, and that company supplies in the Summertime, in fact now all year round, seven helicopters. Three of them in the Summertime are used almost exclusively for a fire fighting measure with the Department of Forestry and Agriculture.

The helicopters and the use of them, any official of government, any department would have to obtain permission from his respective minister. And of course each and every minister has the authority to use these helicopters. With regards to the other aspect of the air services, that is our King Air aircraft, every Minister of the Crown can use the aircraft and over and above that we also give permission to the Leader of the Opposition to use the aircraft as well, and he uses it quite often. And it is clearly pointed out in our policy, in the operations of air services, the government aircraft, when used, other than for emergency air lifts, etc., that these trips are to be on official government business and in fact all cases, if the logs are kept by the Director of Air Services, and these logs are forwarded to me, the minister responsible.

If on occasions a helicopter is requested by an official of a department, and the minister of that department cannot be located for some reason, he could be away from the Province, or the Acting Minister, the minister responsible for air service, in this case myself, can authorize the use of a helicopter.

MR. WHITE: A supplementary.

MR. SPEAKER: A supplementary.

MR. WHITE: Mr. Speaker, a supplementary question to the minister with respect to this, I wonder if the minister could tell me whether or not there are any terms of reference for the use of helicopters by ministers in respect of the use of helicopters only when there is no other public means of transportation available? I just wanted to give an example to determine from the minister whether he considers the Minister of Social Services taking a helicopter to Grand Falls to do an open line show, if that is the kind of priority or is there some list of rules and regulations?

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

MR. MORGAN: Mr. Speaker, no, there is no set guideline; each and every minister of this administration acts in a totally responsible way and when they use the helicopter they sign for the authorization and the use of these means of transport and I am of the impression, as the minister responsible - there has never been a case put forward to me that the minister is not using vehicles for purposes other than official government business.

If my colleague went to Grand Falls I am sure he went there on official government business and he had every authority to use the helicopter.

MR. WHITE: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. SPEAKER: A supplementary.

MR. WHITE: Mr. Speaker, I wonder if the minister could tell the House whether or not he is prepared to table the logs of government travel in respect of government aircraft and to -

MR. ROBERTS: I will table all mine with respect to helicopters.

MR. WHITE: The Leader of the Opposition says he will let the House know all the travelling he has done on helicopters. Because, Mr. Speaker, I would like to find out, and I am sure members of the House would like to find out, you know, whether priority is being used in respect of government aircraft. And tied in with this question, Mr. Speaker, I would like for the minister to tell me whether or not officials of his department have to go directly to a minister or whether or not they can use the aircraft on their own, the helicopters on their own?

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

MR. MORGAN: Mr. Speaker, the latter part of the question was answered earlier. I indicated that officials cannot use the aircraft without the authority or authorization, number one, from their own respective ministers, and if they are unavailable from the minister responsible for air services. If I recall correctly, Mr. Speaker, also there is a question now on the Order Paper asking for the same information and that information will be tabled in the House of Assembly in due time.

MR. WHITE: Mr. Speaker -

MR. SPEAKER: Is this a supplementary?

MR. WHITE: No. I just wanted to give notice that I am dissatisfied with the answer and wish to debate it on the Late Show.

MR. SPEAKER: Right.

MR. ROBERTS: I have a supplementary.

MR. SPEAKER: I recognize the hon. Leader of the Opposition for a supplementary.

MR. ROBERTS: I will only be a second. It is a supplementary to the Minister of Transportation who is in a forthcoming mood. Would he get for the House, Sir, the information as to exactly how much it costs to take the Minister of Social Services from Gander to Grand Falls to do an open line show? It would be at least two hours, I would guess, of air time at \$250 an hour which is \$500. Could

MR. ROBERTS:

the minister check that figure? Perhaps I am wrong but could he let us know exactly what it costs the government to take the Minister of Social Services from Gander to Grand Falls and back for the open line show?

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

MR. MORGAN: Mr. Speaker, I can supply the cost of the use of our aircraft, our King Air aircraft from any point in the Province, for example, where we have airstrips and landing strips.

AN HON. MEMBER: Helicopter.

MR. MORGAN: Or helicopters and the cost per hour of these helicopters.

But I take exception to the statement made by the hon. Leader of the Opposition. I am not going to supply information with regards to the particular cost of my colleague, the Minister of Social Services. If he went to Gander or Grand Falls on official business, if the hon. gentleman wants to answer that question it is up to him. But I will supply information with regards to the exact costs of flying from St. John's to Gander, St. John's to Stephenville, St. John's to Deer Lake or in fact any of the airstrips around the Province.

MR. ROBERTS: Mr. Speaker, a very brief supplementary.

MR. SPEAKER: I will permit one additional supplementary before going on to another hon. member.

MR. ROBERTS: I thank the minister and if he would let us have the information, Sir, the cost of the King Air, and also the cost of the helicopters which are under charter, the cost per hour to operate them, and then we could compute the distances. But if he wants to give St. John's to St. Anthony I would be delighted at that too, Sir, and including the fishing trips that I did not make but others made.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: I would like to direct a question to the Minister of Finance, Sir, in connection with the -

MR. LINDRIGAN: - a real brain.

MR. NEARY: Is the Minister of Industrial Development ready to just

MR. NEARY:

sit back now?

MR. LUNDRIGAN: I am sorry.

MR. NEARY: Mr. Speaker, I would like to ask the Minister of Finance, Sir, a question in connection with the negotiations with the Dennison Mines Group, the Roman Group, you know, that are negotiating in connection with the oil refinery. As these people are mainly mining people and uranium prospectors, would the minister tell the House how these company propose to manage the oil refinery in the event that they should take it over?

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: That is a rather interesting question. The Dennison Group is indeed a mining corporation. The Roman Corporation, which is the controlling corporation, are a corporate entity, a conglomerate with interests in many areas. There is no doubt in my mind at all that they would be capable of finding the expertise to run an oil refinery if they were fortunate enough to be able to put together a package to make it happen. I sincerely hope that that indeed comes to pass. I have absolutely no doubt at all that Mr. Roman and his number two man, Mr. Chapin, are quite capable of assembling all the expertise and all the companies that are necessary. Whether they can put the package together remains to be seen. As to whether they can get a company who are capable of running the refinery I think that that goes without saying. They can certainly manage that.

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

MR. SPEAKER: A supplementary.

MR. NEARY: Would the minister indicate to the House if the minister has any knowledge that the Roman group or the Denninson Mining Company have indeed entered into an agreement or signed a contract with any company to manage the oil refinery at Come By Chance?

MR. SPEAKER: The hon. minister.

MR. NEARY: The hon. member should not get the Denninson Mining thing confused with the Roman Corporation. He should try for his own edification and for the information of the House to not get the two confused. This is not a mining operation. This is an oil refinery. At this point in time it is strictly from a financial point of view, and as I have said they are in conversations with and in negotiation with a group of people who are familiar with marketing and transportation of product, and in operation and in all the other areas of expertise that are necessary to operate a refinery. As to whether they have a signed agreement with any group, my only knowledge is that they have a commitment from the Universal Oil Products, UOP, to do a study or a survey of the refinery at Come By Chance. To the best of my knowledge there are no other signed commitments or documentations.

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

MR. SPEAKER: A supplementary.

MR. SMALLWOOD: Are these the same people who botched the UOP, the same outfit?

MR. DOODY: Yes.

MR. SMALLWOOD: They botched the building of it. What a botch!

MR. NEARY: Mr. Speaker, would the minister -

MR. DOODY: Wait now .

MR. NEARY: That is all right. I am getting him on public record.

The hon. former Premier knows what I am doing.

MR. DOODY: Does he?

MR. NEARY: Would the minister indicate to the House whether these people, who the Roman Group are talking to about managing the refinery, would they be German or French companies? If so, would the managers of the oil refinery, would they be putting any cash into the oil refinery at Come By Chance, the managers?

MR. SPEAKER: The hon. minister.

MR. DOODY: So far as I have said, Sir, the Roman Group, the Roman Corporation have entered into discussions and negotiations with various people who are capable and competent and efficient and have considerable resources and experiences behind them. They have not entered into any agreements with any of them. And so it would be not only premature it would just be pointless to discuss the possibilities or probabilities of whether or not they are of Greek, German, French, Italian or indeed any other nationality. It is pointless. There is no agreement entered into. There is no concrete proposal, and there are no articles signed.

MR. NOLAN: Mr. Speaker -

MR. SPEAKER: The hon. member for Conception Bay South followed by the hon. member for Terra Nova.

MR. NOLAN: Mr. Speaker, a question for the Minister of Finance and President of Treasury Board. If he would be good enough now to give us some indication of what the current situation is regarding the strike at the Mental Hospital, particularly in view of news reports today concerning that matter?

MR. SPEAKER: The hon. minister.

MR. DOODY: Mr. Speaker, I am not familiar with the news reports to which the gentleman is referring. I also prefer to refer to the hospital as the Waterford Hospital which is, I think, the official name. The negotiations are open. A meeting was held yesterday between management, represented by Treasury Board, and the administration and the department. The meeting did not take very long. I understand that the union was not particularly impressed by government's latest offer, which I think is the second or third proposal that has been made which falls far short of what union had hoped and had expected to get. And my understanding was that the union had taken the proposal back to consider, and you know, that is where the situation stands right now.

MR. NOLAN: A supplementary.

MR. SPEAKER: A supplementary by the original questioner.

MR. NOLAN: A supplementary for the Minister of Finance.

Could the minister now tell us if he is aware as to whether or not there was a request for additional police to go to that institution this morning? If so, for what reason, and what caused it?

MR. SPEAKER: The hon. minister.

MR. DOODY: I can only suggest, Sir, that if the police were called in, there must have been something unlawful occurred. It is not unusual for the police to be called in when some act of lawlessness takes place, or some suspected act of lawlessness takes place. Whether that indeed happened is something with which I am not familiar, but I am delighted to know that the police are available in the event of such an emergency, if indeed such an emergency occurred.

MR. NOLAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary by the original questioner.

MR. NOLAN: Just two questions for the minister, if I may, rather than -

MR. NOLAN: a question in two parts, Mr. Speaker. One is -

MR. DOODY: One part and then notice of a supplementary.

MR. NOLAN: One is, again a question similar to what I asked the other day, is there anything that the minister now sees he can do to bring what is developing into a very touchy situation to an end, one way or the other, legally of course? And is he also aware that one gentleman has now threatened and in fact has gone on a hunger strike until the thing is ended, a citizen of the city I understand?

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: You know, the representatives of management on this side, Treasury Board, the administration, the department, have presented government's case to the local. On three occasions we have brought forth overtures. They have all been rejected. Or at least the last one to the best of my knowledge has not been rejected, although it has been indicated that the union has not accepted it, at least it has not been very happy with it.

It is certainly not, and I would not want to mislead the House or try to mislead the public, it is certainly not what the union has stated as their original and first objective and that is the Warders' Pension Plan. It is a second or third move up in the existing pension plan.

Government, it appears to me, has made so many conciliatory moves in this direction that it is becoming you know to a point where we are being placed in a position where we really do not know what to do next. We get the union people in, and they come readily enough, thank heavens, and they are willing to sit down and talk, and we talk and we make a proposal and we give it to them, and they go off and then their response has been up-to-date a negative one. That we find most unfortunate. We are most anxious to get this thing settled. We want to get it settled as quickly as we can on the most conciliatory basis possible. Our first objective

MR. DOODY: and our prime responsibility of course is to the health and safety of the patients that are in there. We are trying to attain that objective and at the same time be fair and reasonable with the employees of the institution. As for some gentleman or lady, I do not know which, who has gone on a hunger strike, that is completely beyond - Who?

MR. NOLAN: Dr. Bhattacharya.

MR. DOODY: Dr. Bhattacharya is gone on a hunger strike? Well.

MR. NEARY: He said he would rather die of hunger than have his patients go down and die of a heart seizure.

MR. DOODY: Well Dr. Bhattacharya, you know, with great respect to the gentleman, wants to make a choice in that direction, that is obviously one of the freedoms of democracy. I personally would not prefer to be involved in the situation or I would have to make -

MR. NEARY: Some of us in this House who are overweight should cut down too.

MR. DOODY: Are you suggesting that the hon. gentleman is overweight?

MR. NEARY: Some of us are a little bit overweight.

MR. DOODY: Yes, there are some of us who are a little bit overweight, but the hon. member for LaPoile can correct that condition if he keeps up his road running practices.

MR. NEARY: The Minister of Justice and myself and -

MR. DOODY: All I am saying is that the doctor to whom you just referred by name, whom I did not, prefers to die of hunger than of heart attack, whatever it is, you know obviously that is certainly nothing that I can control. It is a choice that I do not want to make and certainly one that I do not want to be involved in. Every man has a right to attain his own ends and his own destiny in his own way and if that is the way the hon. gentleman wants to leave this earth then certainly there is very little that I can do to prevent it.

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: A supplementary question.

MR. SPEAKER: I will recognize one further supplementary.

The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I would like to ask the Minister of Finance if the negotiating committee on behalf of the government have put forward a proposal to the union negotiating committee to have the item of contention, the pension plan item, to have it set aside and made the subject of a third party arbitration, and go on and negotiate the other clauses of the agreement and have this matter of the pension plan straightened out one way or another through a third party arbitration which would be agreed on by both sides, the membership of the arbitration board, and the chairman to be picked by the two members, one would be selected by the government, and one by the union. Now has the minister put that proposition before the union?

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: I am still digesting the preamble, Sir, and I am certainly going to try to answer the question. The answer, and I do not want to be facetious about this, is that

MR. DOODY: binding arbitration has always been in my experience, and I think in the experience of most trade unionists, a sort of a last resort measure, something that nobody really wants to get involved in unless they absolutely have to.

I think that government does not want to get involved - when I say government in this case I mean management - does not want to get involved in binding arbitration unless it is absolutely necessary. The federal government got itself in a position with binding arbitrations some years ago and they have been living with it ever since and the rest of Canada has been living with it ever since. The inflationary spiral started from that process ever since, starting with the Seaway situation in which an arbitrator who had no responsibility for the bills that had to be paid made a decision which everybody in Canada has been paying for ever since, which eventually resulted in these rather unfortunate controls that we have in the Anti-Inflation Board situation. It is the last thing in the world that we want - well, the second last thing in the world that we want to see here in government is a binding arbitration situation.

If it comes to a position where we have to do that in order to ensure the safety of the patients at the Waterford, then certainly that is the course of action we will have to take. It is not one that we want to take and I would suggest, and I stand to be corrected on this, that it is also a course of action that the union does not want to take. I have yet to meet a trade unionist who favours binding arbitration. As to whether we want to set aside the pension question and discuss all the other items, I think we have made that quite clear from the beginning that, of course, we would be absolutely delighted to do. The union certainly does not want to do that and I certainly cannot blame them for not wanting to do that.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: I have indicated that I would recognize the hon. the member for Terra Nova next.

MR. LUSH: Mr. Speaker, I want to direct a question to the Minister of Tourism as a result of his statement yesterday respecting the cessation and cancellation of negotiations with the landowners at Sandringham resulting in the golf course being now removed from the Eastport Peninsula. I wonder if the minister can inform the House why the government chose to negotiate with all landowners regardless of the amount of land owned when I think, probably, the ownership of land ranged from less than an acre upwards to forty acres, and giving each landowner an equal vote?

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

MR. HICKEY: Mr. Speaker, I do not know of any other situation or any precedent for doing it in any other way. It is true that there were some people with small packages of land. It was something like 120 acres of private land that we were attempting to acquire which was owned by twenty-four people, eighteen of which were farmers, or at least eighteen of which were farming that land in one way or another. To give more than one vote, or to make a decision based purely on the fact that two people might own a large package of that land and disregard the others, I think we would be setting a very dangerous precedent and I do not think that really we would have gotten away with it if we had attempted that.

As I said the other day, no one is more disappointed than I and my department that negotiations had to be called off. It is a fact of life that unless we were going to go to expropriation, which I certainly was not prepared to recommend to my colleagues, because a golf course going in an area and removing farmers would, in fact, be changing the lifestyle of those people, a whole new way of life for them, some of them in their late forties or early fifties. I am not sure that they would go back to the farming profession again or that kind of

MR. HICKEY: occupation. There are a whole lot of ramifications, Mr. Speaker, in taking this kind of a decision. Certainly it is one that I was not prepared to take when I realized that the golf course could be realized in another area. Of course the other thing is, it is almost like saying that we would take into account the views by the whole Eastport Peninsula.

AN HON. MEMBER: Is that the view of the minister?

SOME HON. MEMBERS: Oh, oh!

MR. HICKEY: Either you want information or you do not. You cannot have it both ways.

MR. SPEAKER: Time has expired.

ORDERS OF THE DAY:

Motion, the hon. the Minister of Consumer Affairs And Environment to introduce a bill, "An Act To Amend The Unconscionable Transactions Relief Act," carried. (Bill No. 30)

On motion Bill No. 30 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Manpower and Industrial Relations to introduce a bill, "An Act To Style The Department of Manpower And Industrial Relation Act As The Department of Labour And Manpower," carried. (Bill No. 31)

On motion Bill No. 31 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Fisheries to introduce a bill, An Act To Amend The Fishing Industry Advisory Board Act, 1975," carried. (Bill No. 32)

On motion Bill No. 32 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Justice to introduce a bill, "An Act To Wind Up The Permanent Marine Disasters Fund," carried. (Bill No. 33)

On motion Bill No. 33 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Manpower and Industrial Relations to introduce a bill, "An Act To Provide Uniform Minimum Standards Of Conditions Of Employment In The Province, " carried. (Bill No. 34)

On motion Bill No. 34 read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: Order 1, the adjourned debate on the amendment to the Address in Reply.

The hon. member for Stephenville.

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: Mr. Speaker, before I start could you tell me how much time I have left in my speech?

MR. SPEAKER: The table will check it.

MR. MCNEIL:

Mr. Speaker, as I stated yesterday, or Tuesday, Newfoundland is among the richest within the Canadian Confederation in natural resources. But when it comes to harvesting these great resources for our Newfoundland people we are definitely the poorest. This is why I feel that Labrador Linerboard has to succeed. Newfoundland cannot end up and be known in the world as an industrial junk yard. If this PC government does not turn around Labrador Linerboard this is what will happen, it will add to the pages of failures we have in Newfoundland.

But, Mr. Speaker, it does not stop there. The greatest resource is our people, and particularly the people in the Bay St. George area who are now being treated by the Moores PC Government as second class citizens. They are being blamed for the ills of the Labrador Linerboard. Mr. Speaker, the people of Stephenville might have a little part to play in some of the ills of Labrador Linerboard but, Mr. Speaker, they are not as great as what the Moores PC Government are responsible for.

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: Mr. Speaker, the people of Stephenville did not enter into the sales contract which now has proven to be a disaster.

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: The sales contract entered into by our government and if I may just read a newspaper clipping which states, " In March 1973 , 'Roberts questions firms ability to market Stephenville Linerboard"

SOME HON. MEMBERS: (Inaudible)

MR. McNEIL: "The opposition leader has questioned the ability of Rand Whitney Container Corporation of Worcester, Massachusetts, through its subsidiary International Forest Products Limited to market the Labrador Linerboard product at the Stephenville mill, claiming the company has no experience in selling substantial amounts of the product. Mr. Robert's said information he had received from the wood's branch of the Department of Industrial Trade and Commerce in Ottawa indicates the American company has only \$6 million a year in sales . "This is a small amount even to our Newfoundland standards." He said that it appeared that the International Forest Products was set up to market the Stephenville Linerboard products but it is not registered with the federal authorities in Ottawa nor in Newfoundland. He claimed the parent company was not known in the pulp and paper circles in either Canada or the U.S. "We have a company which apparently has never been in the business before."

"Mr. Roberts went on to question the sales contract which has been agreed to by the government and Rand Whitney for the sale of Labrador Linerboard products. Mr. Roberts suggested a total sales based on a production figure of 350,000 tons per year with amounts to \$60.million. He said Rand Whitney had in effect a take or pay contract which requires him to sell \$36. million or the \$60. million. "What happens if they cannot sell it?" Mr. Roberts stated then that we would be stuck with it?" And that is exactly what happened, we are stuck with it.

They guaranteed the sale of 200 thousand tons of linerboard a year and what have they produced up to date, what have they done

MR. McNEIL: to date? Mr. Speaker, the sales contract was entered into by the government, on the sales contract the signature of our Premier and the then chairman of the board, Mr. Crosbie. It was not the people of Stephenville, so the people of Stephenville cannot be blamed for the sales contract. Mr. Speaker, the only bright spot in the sales contract is that as of March 31st of this year it will come to an end. And hopefully the new group now being set up will be much more equipped and will do a better effort in selling our product.

We are told by some of the sales people that went to Europe to sell our product that the reason why Labrador Linerboard cannot sell on the market is because the customers fear that Linerboard will not be open in a year, and they are worried about the 1980's when the markets will be very tight. So naturally they are going to go to the established customers rather than go to a mill which will probably fail in a year.

Mr. Speaker, we cannot let Labrador Linerboard fail, we as a province need industry-

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: we need development. Going back to 1972-1973, it was consistently stated that the major problems of Labrador Linerboard were its high wood costs. Well maybe so. But, Mr. Speaker, the mill was designed and built to compete on the European market, not on the U. S. market. We cannot compete with the U. S. in sales. We are told that the U. S. will have problems producing to meet their own requirements so, therefore, what they have dumped on the European market should leave a great vacuum over the years coming ahead. So if we look towards the future we should have a little bit more success in the marketplace in Europe. If you compare our wood costs in Europe, in Scandinavia - the Scandinavian wood costs are as high or even higher than our Newfoundland or Canadian wood.

MR. ROBERTS: They are buying it here and taking it to Scandinavia now.

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MR. MCNEIL: Well, that is the point I was going to make.

The fact that they are now buying our Labrador wood, which we in Newfoundland, in our own Province find

Mr. McNeil:

too expensive to use, we can sell it to Europe, it is economically feasible to sell it to Europe. Why? And then when we get on the market place we cannot sell our product because of the high cost of wood. If in the Scandinavian countries they have a high cost of wood, and if they can buy ours it must be higher, their cost of wood must be higher than ours. We are told that the Scandinavians have the same high employment cost, the higher wood costs. The only factor where they are a little ahead of us their transportation problem is not as great.

Mr. Speaker, that is only one area, the wood problem area, and I think with a little effort if the government approached the people of Newfoundland and gave them a figure, you say to the woods contractor, You must come down to \$50.00 a cord or we cannot survive. This has never been done to my knowledge. Woods contractors in the Stephenville area, for example, just going back a couple of months ago, were supplying wood at a rate of \$44.00 per cord to the mill, delivered. They were told the night before they were going to start up operations, and they had set up all of their equipment in the area, they had the private contractor, he had cleared roads, repaired his equipment, spent thousands and thousands of dollars in preparation, hired his men, to be told the night before he was to start that we cannot take any more wood because the mill is going down and we do not know when we are going to open up; rather than saying to this contractor, Continue with your contract, we will buy your wood, we will honour our commitment. And this Mr. Speaker, is wood cost at \$44.00 per cord. This contractor came to me, and he is a very reputable gentleman, he said, "My men are losing confidence in me; one day I hired them and the next day I had to fire them because I cannot get a solid commitment from the government owned mill." He asked me "What do the government want? Do they want the mill to operate?" And I got to tell him, "Yes, I do," but I am not sure if the government want the mill to operate. I am

Mr. McNeil:

not convinced.

On every statement we heard to date we have always heard that we will have to look at the operation, we are not sure, and they always leave the option open that we will have to close the mill down, that is always left up as an option. Mr. Speaker, that is no option. That is no way out. We in Newfoundland cannot go looking back and cannot have another failure, we must turn it around.

SOME HON. MEMBERS: Oh, oh!

AN HON. MEMBER: How? Tell us how?

MR. MCNEIL: Mr. Speaker, the hon. gentleman will have a chance in the debate to speak, so he may speak at that time, but right now I would like to speak without interruption.

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

MR. MCNEIL: Mr. Speaker, the case I pointed to on Tuesday Timiskaming community, Timiskaming, Quebec, they were told by the experts in the field that their wood cost was too high. They were told that the marketing was not there, but the only difference here they worked in the industry, the people in that community would not accept what they said. They dug into it themselves, and they found out that the market is there but you had to go out and dig for it and get it, which our sales staff did not do. They wood costs - they made arrangements with the Provincial Government, in certain areas they had a lot of problems. In the seasons when the mills would not take their wood, the government made sure that the private contractors would continue to work by buying their wood or guarantee the purchase of their wood. And as a result you had a steady flow of these contractors staying into the industry.

The backbone of the industry has to be the private contractor. It has been proven that the mill cannot produce wood for itself at an economic rate than what the private contractor can do. So therefore, Mr. Speaker, we have to rely on the private

Mr. McNeil:

contractor for the survival of Labrador Linerboard.

The past Chairman of the Board Mr. Crosbie stated time and time again that the mill cannot be viable because, and always because of the high cost of wood. Well if we get the wood costs down, we have got to survive because the mill is a new mill, it is one of the best in Canada.

MR. SMALLWOOD: In the world.

MR. MCNEIL:

Or in the world, yes. Mr. Speaker, when the new executive manager came into Stephenville I had the opportunity of questioning him on the ability of the local personnel working there. He told me during his first few weeks he roamed about in the mill. Nobody knew who he was so they were not, you know, playing up to him. He went into the control room and he asked this one gentleman, who was only a young fellow, he graduated from high school in the Stephenville area three years previous to it, and his first job was with Linerboard and he was working in the control room and part of the control panels were out, and he started explaining to the mill president, the new mill president, that even though this panel is down it is still feeding me information. Even though this is not going I am still getting information, giving this, etc., etc. Mr. Sweeney told me, he said, "That young fellow, only three years in the industry, you could put him against another man in the industry in any part of Canada with twelve years experience and he would still hold up his part." So that speaks very highly of the caliber of the Newfoundland people, of the labour force, the young labour force. They are very adaptable but they need leadership, Mr. Speaker. You need leadership and it has to come from the owners of the mill, which is our Newfoundland government.

Mr. Speaker, that is one area and when the bill comes through we will be getting into that much deeper. But if we are looking towards the future, and if we want to advertise our Province and have people come in and settle, I think it would be much more beneficial if we can make Labrador Linerboard a successful operation rather than trying to entice people to come in through special cruises like the Norma and Gladys and things of that nature. They are good in themselves, but we have to prove our worth through proving that we can take an industry that has been told it will never be successful from day one, that we can take it and make it successful.

Mr. Speaker, I have a few lines I would like to get into but I only have about five minutes. So I will just slightly touch on another area, the shipping contracts, Sir. The people of Stephenville did not

MR. MCNEIL:

enter into the shipping contracts. It was the provincial government. And why did the provincial government, when they took over from Javelin, why did they destroy the original contracts and enter into new contracts at a much higher rate, Sir? And then you wonder why the Linerboard cannot work. When you size it up and look at it in perspective you wonder if sabotage was not committed.

The people of Stephenville are disturbed. They are looking for leadership. They are not getting it. They are being blamed for the ills of Labrador Linerboard. Mr. Speaker, that is not where the problem lies. The problem lies with our government. And if our government stays with Labrador Linerboard - and I believe they can change it around, I believe they have the resources, the manpower to do it. But, Sir, let the truth be known. Put all the cards on the table. And if you need the people of Stephenville to sacrifice they will come forward. But, Sir, you cannot ask them to sacrifice blindly. You must let them know where you stand. You must let them know exactly.

For example, we have not had a financial report on the Linerboard Mill since 1974, that was the last one. We do not know what is going on. Mr. Speaker, my time is running out. I would like to give notice that I would like to put forward a sub-amendment which will be seconded by my hon. colleague, the member for St. George's (Mrs. MacIsaac). The sub-amendment reads, "And specifically demands that the government forthwith set up a Royal Commission to enquire into and report upon all circumstances surrounding the donation of \$52,600 to the Progressive Conservative Party by the firm of Scrivener Projects Newfoundland Limited, such Commission to have all the powers that may be conferred upon the commissioners

Mr. McNeil.

under the Public Enquiries Act, Chapter 314 of the Revised Statues of Newfoundland, 1970!"

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: Do you want a copy?

MR. SPEAKER (Dr. Collins): It has been moved and seconded that there be added to the amendment as proposed the following: "And specifically demands that the government forthwith set up a royal commission to enquire into and report upon all the circumstances surrounding the donation of \$52,600 made to the Progressive Conservative Party by the firm of Scrivener Projects Newfoundland Limited, such Commission have all the powers that may be conferred upon commissioners under the Public Enquiries Act, Chapter 314 of the Revised Statutes of Newfoundland, 1970."

MR. HICKMAN: Mr. Speaker, I am trying to find the section here now but I am bearing in mind Mr. Speaker's ruling the other day. I do submit that that amendment is out of order. If Your Honour would give me an opportunity to find the section, which escapes me now, the number - maybe hon. gentlemen opposite can recall it? If you would give me the section that deals with this that His Honour relied on then, for the sake of accuracy, I can deal with it.

MR. ROBERTS: Mr. Speaker, I have heard of all sorts of strange points of order in my time, and perhaps I participated in some. My submission is that the amendment is very much in order, and it is entirely consistent with the ruling which the Chair handed down on an earlier sub-amendment. Now if the gentleman who leads the House opposite, the Minister of Justice; has some arguments, then let him put them forward and those of us who wish to comment will comment, assuming Your Honour gives us leave to do so. But really you cannot deal with a point of order, Your Honour, until something is cited or some authority or some rule. And in the absence of anything I would suggest, Your Honour, if

Mr. Roberts.

Your Honour, you know, feels it is in order, put the question, and my colleague then is entitled to speak on it and other members in the House have the right to speak according to the rules. But we cannot wait around while the Government House Leader looks for something he believes may be there. I give him my assurance that to the best of my knowledge and belief this motion - my friend consulted me on it - is proper and in order and we should be allowed to debate it.

MR. HICKMAN: You know, I still have not found it, and I do not presume that Your Honour is not fully familiar with the rules, because I am sure he is.

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

I presume the hon. minister is rising on a point of order.

MR. HICKMAN: Yes, Mr. Speaker. And what I am simply drawing to Your Honour's attention is that in my opinion there has not been compliance with the rules with respect to this amendment, and I am sorry that I cannot submit something to Your Honour, because I know Your Honour is already aware of it. And what I am doing is - because generally in most Houses there is an indication and that there will be another motion to amend from the other side, and I would crave the attention or the delay of the House for one moment until I find the one that I am looking for.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Well you do not have to. I do not care.

MR. ROBERTS: To a point of order, Sir. This is intolerable. If the hon. Minister of Justice has a point of order, Sir, let him state it .

MR. NOLAN: Throw him the law library.

MR. ROBERTS: We cannot be asked to have the whole House wait while the minister looks for something which he believes is in Beauchesne. He has said that in his opinion it is not in order. Well

Mr. Roberts.

I accept his opinion, Sir, but he has given us no reason or citations, and I submit, Sir, that it is in order. It is consistent with the ruling which the Chair gave on precisely the same point, oh, a week or so past when my friend from Windser - Buchans (Mr. Flight) moved a further sub-amendment which was discussed, debated, and in due course decided. We are now back on the debate. My friend from Stephenville has moved a sub-amendment. I submit it is in order, Sir. If the hon. gentleman opposite has a reason for his point, let him raise it. If not, Sir, then it is intolerable of him to get up and display his lack of knowledge of the rules in this way, Sir.

MR. FLIGHT: Page 122.

MR. NEARY: 'Bill' is there advising him, look.

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

Unless there are further points to be made I think I am in a position to rule on the admissibility of the sub-amendment.

SOME HON. MEMBERS: Oh, oh!

MR. NOLAN: The other member of the fraternity helped you, did he?

MR. HICKMAN: Order! May I draw Your Honour's attention to the rule that it is imperative that every amendment must be relevant to the question on which the amendment is proposed. I would submit that this particular motion is not relevant to the present amendment that we are debating before this hon. House. I would submit, Mr. Speaker, that following the ruling from the Chair on the last sub-amendment that this one is clearly out of order and particularly, Mr. Speaker, -

MR. ROBERTS: Mr. Speaker, why does he not read all of Beauchesne? He may find something in it.

MR. HICKMAN: All right, carry on.

MR. ROBERTS: Mr. Speaker, really this is quite intolerable. The hon. gentleman has cited a rule which says that the sub-amendment must grow out of the main question, the question which it proposes to amend. Sir, this ~~grows out of~~ it as naturally, Sir, as the tree grows from the ground. The amendment, the ground, Sir, in the analogy, is that we lack confidence in the government and we demand that they take measures within their responsibility. The sub-amendment demands a specific measure which is certainly, Sir, within the constitutional authority of the government, namely the constitution of a Royal Commission. Sir, I submit it is in order and I submit we should be allowed to debate it. I submit further that the House Leader should be asked, Sir, not to raise specious points of order but to raise valid points of order so Your Honour can then rule upon them according to the rules of this House.

MR. HICKMAN: Mr. Speaker, on that point of order I refer Your Honour, I knew I would find it, to 207, "A sub-amendment to the Address in Reply to the Speech from the Throne may be moved subject to the same rules as any other amendment. It must be relevant to the amendment and cannot raise a new issue."

MR. ROBERTS: Right, and it does not raise a new issue.

MR. HICKMAN: I submit, Mr. Speaker, that this most assuredly raises a new issue and pursuant to the Chair's ruling of yesterday, yesterday being a couple of days ago, on the last sub-amendment, this amendment is clearly and definitively and precedent-studdedly out of order.

MR. ROBERTS: Mr. Speaker, the hon. Minister of Justice is a skilled courtroom lawyer and used to arguing in losing causes and knows the tricks of delay but, Mr. Speaker, the analogy is precisely to the earlier sub-amendment which was decided after a considerable discussion. Indeed I believe the Chair considered the matter overnight and then Mr. Speaker made a ruling. The same amendment was before the House. My friend from Windsor-Buchans raised a sub-amendment with reference to the matter of a loan, and there was some considerable argument on the admissibility of the sub-amendment and the Chair ruled it in order. There was a further argument about the wording, but that was a separate point altogether so the matter was disposed of. The same amendment is now before us and my friend from Stephenville has moved a sub-amendment which I suggest, Sir, is on all fours with the earlier one and even the wit, the undoubted skill and talent of the gentleman from Grand Bank district, the Minister of Justice, has not produced any argument, Sir.

MR. SPEAKER(DR. COLLINS): Order please! The matter before us arises out of the consideration of section 207 or part of 207 in Beauchesne which reads in part as follows: "The sub-amendments on the Address in Reply to the Speech from the Throne must be made to move subject to the same rules as any other amendment. It must be relevant to the amendment and cannot raise a new issue. Great latitude (continuing on with this section) is allowed in this debate. If the amendments and the sub-amendments both take exception to the government's financial policy, and the former refers to customs duties (this is an example given) the latter is in order if

MR. SPEAKER(DR. COLLINS): it refers to income tax or any other mode of collecting revenue. But if the amendments deals with conscription a sub-amendment dealing with tariff is irregular."

Also in Beauchesne section 202, sub-section 3 reads as follows: "Since the purpose of a sub-amendment is to alter the amendment it should not enlarge upon the scope of the amendment but it should deal with matters which are not covered by the amendment."

In consideration of these two guidelines I would bring to the attention of the House the wording in part of the original amendments which states as follows: "This House condemns

MR. SPEAKER (Collins): the failure of the ministry to prepare and to present to the House measures adequate to deal with the problems confronting Newfoundland and Labrador today; and goes on.

Now the sub-amendment specifically deals with a matter for which a royal commission is advocated, a matter which had to do with a donation to a political party. I think in being guided by the former section that I read out, and the great latitude that has to be given in the Address in Reply, I think that we have to take the view that the funding of parties, of political parties, is a matter that may be regarded as a problem confronting Newfoundland and Labrador today. So that in consideration that we are dealing with the Address in Reply, my ruling will have to be that this matter does fall within the scope of a problem facing the Province.

In regard to the matter that it has to enlarge, that it has to deal with - it should not enlarge upon the scope but it should deal with matters that are not covered, the original amendment was broadly phrased whereas this is specifically phrased and brings up a specific point. I would rule therefore that it does fall within the guidelines also.

SOME HON. MEMBERS: Hear, hear!

The hon. the member for Stephenville.

MR. MCNEIL: Mr. Speaker, I support the amendment. The amendment actually speaks for itself - or the sub-amendment. So, Mr. Speaker, without going into any great detail on the sub-amendment, I will give leave to any hon. gentleman who would like to speak on the sub-amendment.

SOME HON. MEMBERS: Hear, hear!

MR. SMALLWOOD: Mr. Speaker, on a point of personal privilege - I am not taking part in this present debate - I wish to apologize to Your Honour for a very unbecoming thing that I did while Your Honour was speaking. I rose to my feet and left the Chamber. That is absolutely contrary to all the rules.

MR. SMALLWOOD: While Mr. Speaker is speaking no member may stand or rise or walk. I was called out in a bit of an emergency and that was my only reason and I do apologize.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Collins): The Chair accepts the apology most gladly. I might say to the hon. member that the Chair was not aware that he had breached the rules of the House, but knowing that he is so aware and sensitive to the rules, the apology is most welcome and in order.

The hon. the Leader of the Opposition.

MR. ROBERTS: Thank you, Sir. I would like to say a few words in support of the amendment to the amendment as moved by my friend from Stephenville at the conclusion of what I thought was a most excellent speech indeed. I realize that I cannot talk about his ~~speech~~ because I must confine myself to the narrow terms of this sub-amendment and so I shall. But I hope that I am permitted to say that I believe my friend from Stephenville showed us the type of speech that can and should be made by a member who is not only concerned with the problems of his district, I believe every hon. gentleman is concerned with the problems of his district and of the Province but, Sir, I regret that not all, particularly some of the gentlemen opposite, are as aware of the full situation about such an important matter which so intimately affects his constituents as is the gentleman from Stephenville. I thought it was an admirable speech. I thought he brought a great deal to the debate and I would hope that he will make further points with respect to the Linerboard mill both in a debate which will come on in due course in respect to a government bill, and also in the further amendments to the Throne Speech that will be moved in the course of the proceedings of the House.

Now, Sir, this amendment really is very, very straightforward. It is in quite definitive and specific terms and really I will be very surprised if hon. gentlemen opposite do not welcome it. Because I think, Sir, that we face a unique

MR. ROBERTS:

situation with respect to this particular contribution, one without parallel, to my knowledge, in the history of this Province of ours. Now let me hasten to say, Mr. Speaker, that that which is without parallel is not the fact that political donations have been received. It would be folly, it would be stupidity of a great order if I were to pretend for a moment that parties do not receive donations. Of course they do. Elections must be financed. Elections are expensive exercises. They are getting more expensive all the time. The very newspapers and television stations that editorially decry political contributions are the very first to demand cash in advance, cash on the line for political advertising. You know, money is part of politics and always will be and parties, I guess as long as there have been parties, have accepted election contributions or accepted contributions which are put in their election fund. Certainly, Sir, the party which I lead has accepted contributions and will continue to do so until the law in this Province is made as I believe and as my party believes it should be, namely that contributions are banned and that the cost of elections is limited and that the cost of elections is subscribed out of the public purse. But, Sir, that is a different point. I hope we will have the opportunity to debate it at some point, but I guess that is a little beyond the terms of this particular amendment.

But I just wanted to make it clear that there is no offence in my eyes in the fact that, and there is nothing unusual in the fact that a firm made a donation to a party. There are however some things that are unusual. First of all there is the - well before I talk about that let me simply confirm what I said the other day. It has now been confirmed by the man best able to confirm it, Mr. Richard Greene. Let me confirm the fact that the receipt which my friend from LaPoile (Mr. Neary) tabled is a genuine receipt. Today's issue of the Evening Telegram on Page 3 has a very large headline which says, "Greene's Admission Heightens Fuss Over Political Contribution," and the story begins as follows:

"Former Progressive Conservative Party Finance Chairman, Richard Greene, says a receipt acknowledging a \$52,600 contribution to the party

MR. ROBERTS:

from Scrivener Projects Newfoundland Limited tabled Friday in the legislature by Steve Neary, Independent Liberal, LaPoile, is genuine and is signed by him. 'This is a genuine receipt for a genuine political contribution,' Mr. Greene said yesterday in an interview outside his Duckworth Street law office."

Mr. Speaker, that is a manful statement by Mr. Greene, a straightforward statement and one to which nobody could take objection. He has confirmed that the receipt which he signed, a copy of which was tabled here in the House the other day by the gentleman for LaPoile (Mr. Neary), is a genuine one. In other words, Sir, there can be no doubt at all because of course Mr. Greene was in the position to issue that receipt and to sign such a receipt. He was the Finance Chairman for the Progressive Conservative Party at that time. There can be no doubt at all that ~~during the year~~ 1973, on July 14, Mr. Greene signed a receipt that indicated that during the year 1972 he received from A. Davidson in behalf of Scrivener Projects Newfoundland Limited the sum of \$52,600 representing contributions to the PC Party during the year 1972. So that is common ground. There can be no argument with that. There can be no argument at all with that fact. It is admitted. It is genuine. It is real. The Tory Party received \$52,600 from Scrivener Projects Newfoundland Limited.

Now, Sir, I have said that political contributions are a fact of life. They might not be the most pleasant fact of life but they are a very real fact of life for the PC Party of this Province, for the Liberal Party, the NDP Party and every party in this Province and elsewhere. (I need that one, that is where Dick Greene tells the truth)

AN HON. MEMBER: Sorry.

MR. ROBERTS: So, why should I support the amendment? Why should we demand that a Royal Commission be set up? And what are we talking about anyway? A contribution has been made. Why should we get upset over that? In fact, my own party, as I have said publicly and I say again now, has received contributions from the Scrivener firm, not while we were in government but at about this same time. I do not know the

MR. ROBERTS: amount, but I am assured by the people who are responsible for that aspect of our party's affairs that the amounts were nowhere near comparable, nowhere near comparable at all. In any event a royal commission when it is set up would certainly, I guess, be able to subpoena the people who handle these things in our party if they felt it was relevant and then, you know, the normal course would follow.

Sir, what makes this contribution so unusual? Why? I mean why get upset over it? What is it about the \$52,600? I mean, what is going to require the gentleman from St. John's North (Mr. J. CARTER) to vote in favour of a royal commission to look into this, as he will? The gentleman from St. John's East (Mr. Marshall), as he too will vote in favour of it, I am sure. The gentleman from Kilbride (Mr. Wells), men of probity and integrity and men not afraid to take a stand, independent men, men of principle.

AN HON. MEMBER: Hear! Hear!

MR. ROBERTS: What is so unusual about this? I mean, so it is a political contribution and all sorts of parties get contributions and all sorts of companies make contributions. So what? So what, it may be said.

Well, Mr. Speaker, the circumstances surrounding this particular contribution I suggest are unusual, in fact are so very unusual that an impartial and a thorough investigation into those circumstances is not only demanded but, I submit, is imperative and is certainly required in the interest of the public of this Province.

Why, Sir? Well two reasons; first of all the amount involved is immense, absolutely immense in political terms. It may not be immense in terms of the government of the Province. It may not be immense in a lot of other terms, but \$52,600 is an

MR. ROBERTS: immense sum of money in terms of political contributions. How can I prove that? I cannot. I can only speak in terms of my own knowledge, and my own knowledge is as general as that of any leader of a party, but I have no hesitation in saying that based on my knowledge in my four or five years as leader of a party, leader during two general elections, generally the period when contributions are sought and contributions are obtained and contributions are spent, that \$52,600 is an immense sum of money, particularly, Mr. Speaker, coming as it does from a firm that has no real interest in this Province.

The Scrivener firm came into this Province just to do one specific job, a very big job, I will grant you, but only one specific job. That is all. They are not an old, established firm doing business here. Take, for example, the Iron Ore Company of Canada or Bowaters or Price, who are among the larger firms doing business in Newfoundland and Labrador, firms with a continuing presence here, firms with substantial investment here, an investment that has gone on for many years and will continue I suppose as far as man can foresee.

It might be understood. I mean they have a long term interest and I would think they might be interested in contributing to the parties. They support the free enterprise system and I would see nothing wrong with them contributing to the parties. Certainly it is legal and lawful and proper and it is done. I do not know whether those firms contribute or not, that is beside the point. The point I am making is that the Scrivener firm came into this Province for one specific project, and when that project was finished their intent, their intent was when that project was finished to leave this Province.

MR. SMALLWOOD: Yes the hon. gentleman ought to -

MR. ROBERTS: Sure, of course.

MR. SMALLWOOD: - remind us that in coming into this Province they did not come in to do business commercially but only with

MR. SMALLWOOD: the government of the Province.

MR. ROBERTS: The hon. gentleman from Twillingate has made a valid point and a very valuable point. Because the Scrivener firm, which is a reputable firm, Sir, not a bunch of fly-by-nights, indeed I was the Minister of Health who recommended the Scrivener firm be employed here. And I was just looking through some of my old Cabinet papers, memoranda at the time, memoranda to and from my officials, not the originals.

MR. ROUSSEAU: The Scrivener firms, there are two, Scrivener and Scrivener Engineering, two different firms.

MR. ROBERTS: I mean they are all owned by the same corporate empire.

MR. NEARY: Scrivener Newfoundland Limited.

MR. ROBERTS: We insisted, as a matter of fact I say to my friend from Menihok (Mr. Rousseau) that they incorporate a Newfoundland firm, called Scrivener Newfoundland Limited.

MR. NEARY: That is right.

MR. ROBERTS: Or Scrivener Projects Newfoundland, the firm that gave this immense sum of money.

But I was the Minister of Health at the time. I am just looking through some of the papers, recommended by the officials - well forget whom recommended them. I mean

Mr. Roberts.

I brought it to my colleagues in the Cabinet, as did my colleague, the Minister of Public Works - nothing at all wrong with that firm. They were a very good choice, a very good choice. But they only came into Newfoundland for this one purpose, Sir. It is not as if they were an engineering firm - in Toronto, I guess their headquarters was - who said to themselves, "Well, look, let us go down to Newfoundland. There are, you know, opportunities there. We will set up our shop and see if he can get a little business." There are a number of engineering firms in Newfoundland along those lines. They have done well here over the years. There will probably be more. Some local and some owned by mainland interests. But Scrivener came in for only one specific project and that was the Health Science project. I mentioned the other day in the House in a debate on another sub-amendment, Sir, the reason they were employed, it was simply that Mr. Harvey Self - and I was just looking through the Hansards for 1973, and I made the same point then. Mr. Val Earle was then Minister of Public Works.

MR. DOODY: A fine man.

MR. ROBERTS: He was a fine man. He was indeed, Sir. A terrible politician, but a fine man despite that, and an honest man. Obviously reading debate he found it very uncomfortable to have to defend the government's conduct in that - we were talking particularly about the Carbonear Hospital. And Mr. Earle was obviously - it comes through in every word of the Hansard report, every word of it, that he was wishing devoutly that he was anywhere but here in the House of Assembly having to answer questions on that point at that time. Be that as it may, Sir, the point I was making is that the Scrivener firm were hired because of their contractual link with the gentleman named Mr. Harvey Self, who had and has an enviable and an eminent reputation in this particular field of health science complexes.

Mr. Roberts.

In any event, Sir, the point is that this is a large donation, a very large donation, a significant donation. It is probably one of the largest donations ever made to a political party in this Province. This donation was made by a firm with no continuing interests in this Province, a firm that could hardly be said to have a long-term interest in the Government of the Province and in the good Government of the Province. And, Sir, on top of that a firm that came into Newfoundland only to do business with the government.

Now, Sir, those facts in themselves I suggest are enough to put one on guard when the facts came out, and when my friend from LaPoile (Mr. Neary) tabled the receipt, the genuine receipt, the admittedly genuine receipt. Mr. Speaker, those facts in themselves, as I have said, in my view are enough to justify the most thoroughgoing and rigorous examination of the facts, the truth. And I find it significant, by the way, that since this matter came out on Friday - it was Friday, was it not, in the House? - in the House, and despite the fact that I have asked a number of questions, and a number of speeches have been made, that no member of the ministry has made a statement on it with the exception of the Premier making a very wishy-washy statement on Orders of the Day on Monday. The Premier has been absent from the Province since then. He is on another of his jaunts, another holiday, another trip away, taking four or five days to do what should be done in a day. But be that as it may, we are told he will be back with us tomorrow, and we look forward to that with anticipation and with interest. But no member of the ministry, Sir, has made a statement on this. It is funny. Given their propensity for making statements on every conceivable issue, at any conceivable time, that in itself is interesting as well, Sir. So we have that series of facts.

Mr. Roberts.

Now, Sir, let us look at the other series of facts, the rest of the facts that relate to this donation. At the time this donation was made, Mr. Speaker, at the time this firm made these very large contributions - and I commend this to my friend from Exploits (Dr. Twomey) who is but newly arrived in the House, and a man of honour and probity and integrity. I ask him to approach this impartially, because this is not a question simply of party politics. This is a question going to the heart of the whole democratic process - at the time that the Scrivener firm were making these immense contributions, at the time the Scrivener firm, a firm with no long-term interests in this Province, were making these immense contributions, at the time the Scrivener firm, a firm

MR. ROBERTS: that came to this province only to do business with the government, were making these immense contributions, at that very same time, Sir, they were negotiating with the government a cost-plus fee contract.

The other day in the House I referred to the contract.

MR. ROUSSEAU: I tabled it.

MR. ROBERTS: I give credit to the hon. gentleman from Menihek. He did table it.

MR. ROUSSEAU: And a better contract, by the way, than they had settled for.

MR. ROBERTS: It may well be. We will deal with that, Sir. We will deal with that. The Royal Commission will go into that and we will get the truth. I referred to the contract and I did not have it with me at that moment and my friend from LaPoile was kind enough to let me have a look at his copy of the contract, and I read it quickly and as it turned out I misread it. What I said was that the contract was originally made in 1971 and added to in 1973. /

MR. SPEAKER: Order, please! I must interrupt the hon. gentleman to inform members of the matters to be debated at 5:30 P.M. I have received notice of five and there can only be three, and the three will be as follows and they are in fact in the order in which I received them. The first one - the hon. Leader of the Opposition arising out of a question asked the hon. Premier with respect to the remission of sales tax on electricity for heating purposes. The second one - arising from a question asked by the hon. member for LaPoile of the hon. the Premier on the subject matter the cost and completion date of the Health Science Project. The third one - the hon. member for Bellevue arising from a question asked the hon. Minister of Industrial and Rural Development on the subject matter of loans to sawmills on the Avalon Peninsula.

The hon. Leader of the Opposition.

MR. ROBERTS: Thank you, Mr. Speaker. As I was saying, Sir, I misread the contract, looking at it hurriedly here in the House. The contract I said was 1971 but it was not. The document now, as the minister just confirmed, was made as of the 15th day of June A.D. 1971 and as the minister has, I think, just indicated, the contract was entered into the 5th day of July A.D. 1973 and of course the gentleman from Menihek has knowledge of it because at that time he was Minister of Public Works and there is affixed to it his signature or what purports to be his signature and I assume in fact it is his signature. That is the contract.

Now that contract, Mr. Speaker, sets forth the fees which are paid or payable to Scrivener in respect of this particular project and it sets them forth in some considerable detail. Now let me say that I do not know whether that was a good contract or not. I am not an engineer. I am not an engineering consultant. I have no way to know. I am quite prepared to believe the Minister of Public Works believes it to be a good contract. There is no doubt at all of that, just as I have no doubt, Sir, that he will support this call for a Royal Commission. There is no doubt at all of that, Sir, because since he believes it so very deeply he will want to have it cleared up because he may believe it deeply, and I do not doubt that he does, Sir, but there are blankety few other people in this province who believe it.

Because, Sir, whether this contract is a good one or a bad one or an indifferent one, and I make no charges - indeed I would spurn any charges against the Minister of Public Works. He of all other men on that side, Sir, I would spurn any charge involving him. I want to make that clear. At the same time this contract was being negotiated and signed, during that period, Sir, this was precisely the time when this immense, gigantic contribution was being received by the Tory Party. The same party

MR. ROBERTS: that made up the government of the Province.

Mr. Speaker, those two facts and now let me add a third. Something strange happened. The original estimate in 1971 for management fees, planning consultant, architect, engineering consultants, special consultants and management - What was it, Sir? The total cost of the project at that stage was stated as \$45 million and of that a portion was set aside - and these are figures which I believe were tabled in the House by the present minister. If he does not have a copy in front of him I will gladly,

MR. ROBERTS:

if somebody would make a copy of this document I now have I would gladly send it to him. If anybody wants it tabled, I will be happy to table it. I assume it was tabled because I certainly had no access to any document that was not made public.

But, Mr. Speaker, out of a project budget of \$45 million in 1971 \$3.65 millions was set aside for fees in the five categories that I have just enumerated, planning consultant, architects, engineering consultants, special consultants and management. There is no greater breakdown given than that here, no greater breakdown than that available to me. In 1971 there was also set aside, for a time escalation, \$2.5 million out of \$45 million. The minister will confirm my figures. I am reading them correctly and accurately. \$2.5 million set aside out of \$45 million to cover escalation in respect of time on every single aspect of that immense project, the Health Sciences Complex over here, the biggest single building every built in Newfoundland and Labrador, the biggest single governmental building. Maybe industrial projects are larger.

Now, Sir, subsequently the estimates were updated as indeed they have to be. Of course they have changed significantly since then I have no doubt. In fact I am sure they have. The minister has said so here in the House. One of the things that was changed was of course the \$2.5 million total escalation allowance was spread about a little. Well let us look, Sir, at what was done. The \$2.5 million was reduced to \$800,000. So in 1972 at the time the second estimates were done - I think the paper was done in 1973 - but as of 1972 it was estimated that the total time escalation cost based on April, 1972 construction start was only \$800,000 instead of \$2.5 million as it had been the year before. \$1.7 million had been taken off that particular subhead out of the total expenditure of \$45 million as estimated and had been moved.

Now, Sir, it should be noted that the total cost had not escalated. It was \$45 million in 1971 and \$45 million in 1972. All that happened were amounts were reallocated within the total. The minister

MR. ROBERTS:

will confirm that.

MR. MARSHALL: Perhaps the ceiling had been placed on it.

MR. ROBERTS: Well I do not know anything about ceilings. I mean I only know what is here. The minister may know something I do not. It would be most unlikely if he did not. I may know some things the minister does not know. I may also know some things that minister does not think I know and would devoutly hope I do not know.

Mr. Speaker, the total cost had not escalated, \$45 millions \$45 millions. The time escalation, that amount called time escalation, had gone from \$2.5 million to \$800,000. Moveable furniture and equipment, a provisional sum it is noted had remained steady at \$5.32 million. Progressive design contingency had gone from \$2 million down to \$506,000. Location and geographic contingency had gone from \$1.2 million down to \$400,000, a reasonable thing in view of the fact that by the time the second figures were done the location had been confirmed and set and established. Costs for civil, mechanical and electrical had gone from zero in the first allocation to \$4,050,000, still out of the same \$45 million in each case, Sir.

The Central Utilities Building, which was shown as \$2.8 million in the 1971 figure, had disappeared in the 1972 figure. It had been buried elsewhere. The building is built. The building had to be built but it was shown elsewhere. The total construction costs which were estimated in 1971 to total \$27.53 million by 1972 had escalated to \$28.524 millions.

Now, Mr. Speaker, I have touched upon every item in this budget cost estimates supplied by the ministry of the day with one exception, the fees. They were \$3.65 million in 1971. In 1972 they had escalated to \$5.4 million, an

MR. ROBERTS: an escalation of fifty per cent.

MR. SIMMONS: And the same total expenditure.

MR. ROBERTS: The same total expenditure. Originally, Sir, out of \$45 million, \$3,650,000 was set aside for fees for planning consultants, architects, engineering consultants, special consultants and management. A year later, the same total cost, \$45 million, the fees allocation had increased from \$3.65 million to \$5,400,000, an increase if arithmetic does not fail me, of \$1,750,000, which is an increase of fifty per cent.

MR. SIMMONS: From eight per cent of the total to twelve per cent.

MR. ROBERTS: Well my friend from Burgeo-Bay d'Espoir, very rapid in his calculations, says an increase from eight per cent of the total to twelve per cent of the total, a staggering, staggering increase, an increase that has never been explained.

Now, Sir, the question I ask and I ask it squarely, I ask it squarely, the minister will try to answer it, Sir, but only a royal commission can answer it. The question I ask, Sir, is: are the two sets of facts related. And every hon. member in this House must ask himself or herself whether there are any relations between two sets of facts. What are those two sets? What are those two sets of facts? Mr. Speaker, the first is that the amount paid to Scrivener and to whoever else may be involved in that, but Scrivener's chunk is in there, Sir, the fees have gone from \$3,650,000 to \$5,400,000, fact one, fact there set up. The second set of facts is that during the same period that those estimates were upped that the contract was negotiated with retroactive effect, the contract specifying the fees, during the same period the PC Party accepted, I do not say solicited, I have my suspicions there but I do not say that, I do not make any charges there, but accepted - it would be interesting to have Mr. Greene on the witness stand and ask him whether that contribution

MR. ROBERTS: was solicited, and he would tell the truth whatever the truth may be - but during that same period the PC Party, which remember, Sir, was the same as the government, no secret back and forth there, they won an election quite handily, the PC Party accented from that same firm an immense contribution.

So, Sir, those are the two sets of facts. Those are the two sets of facts, and I ask simply how any fair minded person, how any man like the gentleman from Kilbride (Mr. Wells), I know how he is going to vote on this, the gentleman from Exploits (Dr. Twomey), the gentleman from St. John's South (Dr. J. Collins), the gentleman from St. John's North (Mr. J. Carter), and the gentleman from Mount Scio (Dr. R. Winsor), a constituency in which I am resident, my member if you wish, the gentleman from St. John's East (Mr. Marshall). None of these men is in the Cabinet. All of them are men for whom I have the deepest of respect and admiration. All of them men of independent principle and honour. All of them men, Sir, who will stand and be counted. And I do not see how any of those men, Sir, could fail to vote for this motion.

SOME HON. MEMBERS: Hear! Hear!

MR. ROBERTS: I do not see how anybody could possibly fail to on the facts which I have put out. There has been no rebuttal. The matter has gone on for the better part of a week. It has now got to the point where Mr. Richard Greene, a lawyer, a well established member of the Bar, a prominent lawyer, practicing downtown, a former member of this House, Sir, he served here for I believe one term until my friend from, as he then was my friend from Bell Island, now my friend from LaPoile (Mr. Neary), dispatched Mr. Greene in the electoral process. But a man who served as a member of this House.

Mr. Greene has now confirmed that the receipt is genuine, that the amount in fact was received. Mr. Greene, the same Mr. Greene a former law partner of the gentleman from

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MR. ROBERTS: Kilbride (Mr. Wells), a man whose words, Sir, must be taken with great seriousness and great solemnity. I do not see how anybody, Sir, could possibly take any position other than there must be a royal commission. Oh there have been lots of charges made in the past, lots of talk in the past, Mr. Speaker, but never before have the facts come out publicly about this kind of monkey business, this kind of transaction. Never before in the entire history of this Province, to my knowledge. And there are gentlemen in the House, Sir, who have served in public life far longer than I have. They can

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MR. ROBERTS: tell me if I am wrong. Immense contributions, fact one, undoubted unarguable. Fact two, a contract negotiated during that same period and the result of the contract was the total fees payable went from \$3,650,000 \$5,400,000. Are the two facts related? I do not know, Sir. I do not know. Nobody knows except honourable gentleman opposite and they have not said. The Premier has made no statement on this, no minister has made any statement on this, nobody has been heard to speak on it. The Scrivener firms themselves have gone bankrupt, no longer in existence. Mr. Greene has confirmed the genuineness of it but has said nothing else. How could he? All he did was receive the money and pass it on to wherever it was passed on to. It would be interesting to find out where it went. It would be very interesting to find out where it went, whether it was all spent for legitimate political purposes or whether any of it was used for other purposes.

Are the two facts connected? As I have said, I do not know. And nobody knows who have said. And furthermore I will say that any minister opposite who speaks on this now will not, with all respect to him, Sir, be believed by all in this Province. I have no doubt if a minister makes a statement he will believe it and believe it to be true. But, Sir, you do not have to be a perverse minded person, you do not have to be cynical or of a doubting cast of mind to believe that there might just be some cause and some effect in this relationship, that there might be a relationship between the fact that the P.C. Party received \$50,000 in campaign contributions or political contributions and at the same time negotiated or renegotiated a contract one of the effects of which was to put up whatever portion of that fee goes to Scrivener. But that is all we are saying. We are not making any wild charges. Indeed I have made no charges at all, Sir. But I say the facts cry out for an investigation and I will be shocked to the very core of my being if when the

MR. ROBERTS: Minister of Public Works, who apparently has been given the unenviable task of replying to this -

MR. ROUSSEAU: I am working on it.

MR. ROBERTS: I said the Minister of Public Works who apparently has been given the unenviable task of replying to this motion. I will be shocked to the very core of my being if the ministry do not announce that they have set up a royal commission. I do not expect them, Sir, I do not expect them to vote for this amendment as a ministry because it condemns them, because it is a motion of non-confidence. But I do expect them, Sir, to make the motion of no effect and null and void by setting up a royal commission.

AN HON. MEMBER: Hear, hear!

MR. ROBERTS: If they do not, Sir, what possible explanation could there be? What are they hiding? Never before have the facts come out like this. The receipt is genuine, \$52,600. Genuine! Genuine, Sir! The facts are there. Furthermore the facts are there that the contract with Scrivener was renegotiated. The minister may say, Oh, a better contract. Well, we will let the royal commission decide that. And the fact remains that one of the results of that renegotiation was reflected in this estimate gone up from \$3.5 million - \$3.65 millions - to \$5,400,000, an escalation of 50 per cent on the same total estimated project cost. Absolutely unanswerable, Mr. Speaker. The only answer can be for a minister to stand and say, Mr. Speaker, we have nothing to hide. We have nothing to hide. We will set up the royal commission. After all, we are the crowd that set up all the other royal commissions. We were not scared to set one up into some allegations about liquor store leases. We were not scared to set them up into everything else and we are going to set one up into this and let the chips fall where they may.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: And we will see, Sir. There can be no other acceptable answer.

MR. MURPHY: Do you want to go right back to 1949?

MR. ROBERTS: No, Mr. Speaker. Let them go back to 1949 and let them go beyond that, Sir. Let them investigate everything else they want including the proceeds of bingo games and anything else they want to investigate as long as it is in order for them to do it.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: But I say let them investigate this. And I say, Sir, that every hon. gentleman in this House, every hon. gentleman in this House, and my friend the lady from St. George's, Sir, will have to search their individual consciences because, Sir, this is one of these issues where they will have to stand and be counted.

Are they going to be party to a cover up? Because if there is no royal commission, Mr. Speaker, there is a cover up. If there is no royal commission there is a cover up underway, the cover up that

MR. ROBERTS:

cannot be tolerated and will not be tolerated by the people of this Province. The government may tolerate it. There may be some men supporting the government who tolerate it. That, Sir, is their right if they wish. But I say, Sir, the people of this Province will not tolerate it, not on the facts as they are now admitted and proven. Up until today Mr. Richard Greene had not admitted publicly, to my knowledge at least, that the receipt was genuine but he has now in fashion come forward and said that. And I have no doubt that if subpoenaed by a royal commission - and this motion calls for a commission with full powers of enquiry - that if a royal commission would subpoena Mr. Greene - he is a central character in this sordid drama - I have no doubt, Sir, he would tell the full and complete truth.

Now, Mr. Speaker, I will carry on for a moment or two and then it is five-thirty. But I hope to say a few words tomorrow because, of course, there are a few other interesting things about the government's dealing with Scrivener. The Carbonear Hospital - and we will talk about that a little too because there too the record, Sir, which has been extensively debated here in the House bears further investigation in the light now of the knowledge of this contribution. There were enough questions asked at the time about the government ordering that contracts be given out without tenders, never denied by the government. That is the sort of thing where Mr. Earle then Minister would skate around.

MP. NEARY: Mr. Earle admitted to a question that I put to him in 1974 that he gave contracts without calling tenders.

MR. ROBERTS: Well my friend from LaPoile (Mr. Neary) has refreshed the House's memory on the point. But the government did give out contracts, instructed Scrivener to give them out and at the same time the relations between the Scrivener firm and the government, Sir, are so intertwined. Sir, there is something rotten in the State of Denmark, obviously something rotten in the State of Denmark.

The Minister of Public Works has a particular responsibility in his present portfolio. He has to stand to say whether he will support

MR. ROBERTS:

the royal commission. There has to be an investigation, Sir, an impartial one by some citizen of repute, of integrity, a man who could look into this and let the chips fall where they may, let the truth come out. What are they scared of? What are they scared of?

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: So I hope, Sir, I hope that when the House meets tomorrow, the Premier who by then will have presumably returned for a brief stay in the Province, will stand on Orders of the Day and say, "Mr. Speaker, I want to announce that this government have today appointed a royal commission to look into these allegations and to get to the bottom of them and make the truth public." If they do not say it, Sir, then the debate will carry on and we will get to the bottom of it.

Mr. Speaker, this House from time to time debates matters that are more serious than some of the other matters which we debate. But this one, Sir, is more serious than almost any other because it goes to the very root of the conduct of government, the very root. The ministry negotiating a contract with a firm, a contract that appears to have benefited the firm immensely, a firm that has by admission of the ministry been involved in dealings that are less than acceptable, contracts given without tender. That same ministry accepting immense donations at that same time from that same firm. Mr. Speaker, there is no way that can be justified. There is no way it can be covered up. It must be examined. It must be examined impartially and publicly. And I say to the gentleman for St. John's Center (Mr. Murphy), a man whose integrity is well known, he tells us of it often, that man would be the very first to demand an investigation, Sir, to demand it -

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: - and to go to the Premier and say, "Premier, unless you set up that royal commission you consider me outside your Cabinet, Mr. Premier, consider me out because I will not stand for it any longer. I am a man of integrity." I expect the hon. gentleman for St. John's Center (Mr. Murphy) to say that, Sir.

MR. MURPHY: Now you are talking like me when I was on the other side.

MR. ROBERTS:

Yes, Mr. Speaker, I would have done the same thing. Whenever there have been allegations made with the evidence and the truth supporting them, then these allegations have been made. There is truth in these allegations, Sir. Mr. Richard Greene, hardly a political friend of mine or this party's, Mr. Richard Greene has stated that irrefutably, unarguably, unanswerably.

Mr. Speaker, it is now five-thirty. If it is in order I would move the adjournment of this debate and then we will go on with the Late Show procedure, Sir, and we will resume this when next the government call the Throne Speech, presumably tomorrow, Sir.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: It being five-thirty a motion to adjourn is deemed to be before the Chair. The first subject matter for debate is the revision of the Sales Tax on electricity used for heating purposes.

The hon. Leader of the Opposition.

MR. ROBERTS: Thank you, Mr. Speaker. I guess one of the jobs of parliamentary life is you have to switch from topic to topic. And so accordingly let me say a few words about this question of the tax levied by the government with respect to the use of electricity for heating purposes.

Now, Sir, I gather that the Premier

MR. ROBERTS: Well the Premier is not here, I assume the Minister of Mines and Energy will speak for the Ministry in response to the question.

But my question to the Premier was whether the government were prepared to take off the tax as it applied to electricity used for heating purposes. The Premier in answering that question said no. He gave a reason, his reason was that he did not think the government could afford it at this time but he did say no.

Well, Sir, I disagree with that. And I disagree with it because I think the tax is unfair and discriminatory. There are only one group of heat consumers in this Province and the consumers of heat in this Province include all of the people in this Province. There are only one group of people who pay a tax on the fuel which they consume for heating purposes. And that, Sir, is the people who use electricity to heat their homes.

Now, Sir, I have attempted to get some figures, and I think these are accurate. They have come from the Light and Power Company and they apply to about eighty-five per cent of the Province which I am told is the percentage of the consumers in the Province supplied by the Light and Power Company. They estimate that during the 1976 year, and obviously the most recent figures, something of the order of 720 billion kilowatt hours were used for electric heating in this Province. About two-thirds of the total amount of electricity consumed in their estimation is used for electric heat.

In the St. John's - Mount Pearl area about 206 billion kilowatt hours were used for electrical heat purposes. No, I am sorry, Mr. Speaker, I have millions and billions confused, millions in each case, 206 million kilowatt hours.

AN HON. MEMBER: Too many dots.

MR. ROBERTS: Yes, as a former and very great Chancellor of the Exchequer once said, "Those damn dots," Lord Randolph Churchill, He came to a greivous end politically. I would commend it to my friend from Harbour Main - Bell Island.

Mr. Speaker, of that amount it is estimated -

AN HON. MEMBER: He does not need the dots for that.

MR. ROBERTS: - it is estimated that the sales tax generated across the Province at the ten per cent rate was of the order of \$2.2 million, and about \$600,000 of that was collected in respect of the St. John's area but our concern is with the whole Province. So the government get about \$2.2 million in sales tax from the people who use electricity to heat their homes. And I think that figure probably applies to the whole Province because, of course, in the other areas of the Province where hydro are the suppliers of power the use of electricity for heating purposes is actively discouraged because it is diesel generated power and cannot be tolerated.

So that is what it would cost the government, about \$2.2 million, a fair amount of money. It is about twice what the Norma and Gladys cost.

MR. FLIGHT: What?

MR. ROBERTS: To put it in prespective. You know all of the money paid by the people who use electric heat throughout this Province and there are thousands and thousands of them, all the money paid by those people in tax would pay for two Norma and Gladyses.

MR. FLIGHT: Is that right?

MR. ROBERTS: That is about what it would do. And I think quite simply that in equity and in fairness the government should do what they said they would do, which was take the tax off electric heat.

SOME HON. MEMBERS: Hear! Hear!

MR. ROBERTS: Obviously, Mr. Speaker, the tax if it is to remain on electricity used for lighting purposes would still apply to those who use electricity for light as well as for heat.

MR. ROBERTS: In other words, Sir, I guess what it would do the first part of your bill each month would be subject to tax and thereafter would not be taxed, a fairly simple arithmetical calculation. But, Sir, that would mean that a large group of people of this Province are no longer paying an unfair portion of the tax burden. They are doing it now, Sir. The government took the tax off fuel oil, I will give them credit for that. Now let them complete the job and take the tax off electricity.

When the tax was on fuel oil everybody in the Province except those people using wood, which they must get with their own sweat and labour, everybody else, Sir, paid a tax on his heating consumption. Now, Sir, only the people who use electricity pay the tax. It is unfair, it is discriminatory and I think the government should remove it, Sir. Thank you.

SOME HON. MEMBERS: Hear! Hear!

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

MR. PECKFORD: Mr. Speaker, like many other -

MR. MURPHY: I hope the Council takes it off oil too.

MR. PECKFORD: - expenditures that government has, like many other revenue generating mechanisms that government has this is one and as the Leader of the Opposition has pointed out, to use his figures, amounts to around \$2.2

Mr. Peckford.

million. I am sure that there is nothing more that the government would like to do than to remove sales tax off heat that is generated by electricity, to remove other taxes that seem discriminatory, to provide the consumers of the Province with all kinds of protection and to alleviate the tax burdens on them. At this point in time when we have a difficult time making ends meet it is a very difficult time to entertain the notion of reduction of taxes in any form, whether it be the sales, the retail sales tax or the personal income tax or whatever. It is a very motherhood notion, as the Leader of the Opposition well knows and hence why he brought the matter up. It is one that the government is well aware of. And if in our means some time in the future we can succeed in doing that and still provide the kinds of services that are demanded of us by the members of the Opposition, as well as by the consumers of the Province, and very often legitimately so, then we will remove it. But at this present moment, point in time, with the fiscal restraints that we have, it is difficult to remove this tax as it is, any other tax and still go ahead and provide all the services that are being demanded by the consumers of the Province. But we are very sensitive to all taxes that we have and to try to remove and to try to make things less discriminatory than they seem and in many cases that they are. We are very sensitive to it, and we are aware of the problems in removing it.

MR. SPEAKER: The second subject for debate is cost and completion date of the Health Science Complex.

The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, first of all I want to congratulate the Leader of the Opposition for the way he handled the debate this afternoon, and his use of the materials, Sir -

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Mr. Speaker, can I have order. I only have five minutes.

MR. SPEAKER: Order, please!

MR. ROBERTS: Point of order.

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

MR. ROBERTS: Mr. Speaker, the gentleman for LaPoile (Mr. Neary) is making a marvelous point, Sir, and I think he should be allowed, Sir, the courtesy to be heard, Sir, without interruption. His time is very limited.

MR. PECKFORD: To that point of order, Mr. Speaker.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. PECKFORD: I agree whole-heartedly with the Leader of the Opposition. I think that perhaps we should even consider giving the member for LaPoile (Mr. Neary) additional time so that he can praise His Leader Come.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Order, please!

The hon. gentleman has the right to speak without interruption. I would point out if hon. members will recall last Thursay, then I think what happened then effectively deprived hon. members of their right, and I would not want to see repetition of that.

The hon. member.

MR. NEARY: Mr. Speaker, the Leader of the Opposition made excellent use of the material he had at hand. And I hatched the egg, Sir, and the Leader of the Opposition - or I laid the egg, the Leader of the Opposition, I think, is going to hatch it. A pretty good combination, I would say, Sir. But, Mr. Speaker, quite apart from the possibility that a \$52,000 gift to the bagmen of the PC Party might have been the major factor in adding an extra \$6 million or \$8 million to the cost of the Medical Health Sciences Complex, there is the utter foolhardiness of paying anything at all, Mr. Speaker, to the so-called project managers who have been directly or indirectly responsible for a large part of the practically doubled inflation of the original estimate

Mr. Neary.

and cost of the entire project. The bankrupt Scrivener Projects Newfoundland Limited, Sir, obviously unable to manage their own affairs should have been thrown out on their necks long ago, before they had a chance, Mr. Speaker, to become a millstone on the necks of Newfoundland taxpayers.

MR. MORGAN: Who brought them in?

MR. NEARY: Mr. Speaker, they should have been thrown out before they had a chance to become a millstone on the necks of the Newfoundland taxpayers no matter if they are willing to pay about one per cent of their price inflation to a party bagman.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Speaker, let us look at the record of this project. It will take, Sir, approximately eight years to build the Health Sciences Complex. It is running at least twenty-four months overdue on delivery date with no penalty clauses invoked. Mr. Speaker, the CN tower up in Toronto, the largest, the highest structure in the world was built in less than two years. The Empire State Building was built in less time than it will take to build the Health Sciences Complex. The Brooklyn Bridge and the San Francisco Bridge, all huge gigantic projects, put them all together, Sir, and they were built quicker than you can build the Health Sciences Complex over here. Contracts were awarded, Sir, without even a pretense of calling tenders on a

MR. NEARY: project involving huge amounts of both Federal and Provincial money, Cost-plus benefits to various and sundry contractors that were never in original contracts, or cost-plus benefits with no contracts at all, and unlimited extensions of contracts upon which any old pretext, Mr. Speaker, could be slapped on to these unproductive and careless project managers. We have a thousand and one other evidences, Sir, of the careless way and the mismanagement in which this project has been managed so far.

Mr. Speaker, if ever this province in the past was in need of such it is obvious now, Sir, that we have a most urgent need for an investigation, complete, objective and expertly directed into every single detail of the mismanagement of our medical Health Sciences Complex. If for no other reason, Mr. Speaker, only to allay the rightful and widespread suspicions of our people who are completely browned-off and disillusioned with the irresponsibility of government in spending their hard earned dollars on this project. We sitting in this House of Assembly, Mr. Speaker, owe them this investigation no matter what form it takes as long as it appears, Sir, to be an honest investigation completely devoid of any attempt to cover up or to do a whitewash job.

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

MR. ROUSSEAU: I would like to say a few things, Mr. Speaker. The first thing I would like to say is that it sometimes bothers me in the House of Assembly when the hon. the Leader of the Opposition gets up and makes suggestions that, I know something you do not know but you do not know if I know it and if you thought I knew it you would be very upset. If the Leader of the Opposition or any other member across the House has anything to say, say it. I am a man of honour, and if anybody can prove that I have done anything wrong I know what I have to do.

MR. ROUSSEAU: Number two, Mr. Speaker. The Leader of the Opposition has a document over there with my name on it and my name, my honour and my integrity in June of 1973 in respect to the management contract. If in any way, shape or form that is not more advantageous to the province than the original whatever it was, agreement or intent, then I am an honourable man and my integrity and my honesty is on that. I am prepared, Mr. Speaker, to do what I have to do as an honourable man of integrity. I say to this House and I say to this Province that that agreement was signed which in my opinion and according to my officials was more advantageous to the province than anything they had earlier and I stand by that and when I have the time I will defend it.

The other point, and I only have a few minutes, but I would just like to point out one thing, how statistics can be used, Mr. Speaker. And maybe the hon. Leader of the Opposition might recall, because he was Minister of Health at the time or a member of the Cabinet, when the original Budget of \$45. million was brought down for the Health Sciences Complex. Nobody has mentioned and maybe nobody might be aware of it or maybe the detail escaped the ministerial level but at that time the inflation cost built in to completion in 1976 was five percent. Mr. Tom Bursey, one of the straightest and most honest civil servants in the Civil Service of this Province, played a little game the other day with a mathematical calculation. He worked it out instead of five percent which it was only for that one year, because after that it was ten percent, and I have figures here. Cost indexes in December 1971; the construction cost index was 175.1 and it is now 290.1. I do not think anybody would disagree with the facts and figures of increased inflation. He played with instead of taking five percent as an inflation cost in 1971, which was the cost built into the \$45. million as the cost of inflation in 1971, that they use ten percent, the actual inflation cost that came

MR. ROUSSEAU: about, the actual cost of the final hospital would now be in the vicinity of \$61 million from \$45 million just on that figure.

MR. ROBERTS: On a ten per cent figure?

MR. ROUSSEAU: At a ten per cent figure. Now I am saying that because of the five per cent inflation that it is \$61 million. There are other factors undoubtedly but people can play with figures. I would like to make the point very strongly that in 1971 a five per cent cost of inflation was built in at a \$45 million cost. The cost of

Mr. Rousseau.

inflation in 1971 might well have been five per cent. I do not know. But over the years since then - and completion date for 1977 it has been ten per cent, and as a result of that, of course, just by interpolation, just by pure mathematics, which is not the proper way to do it, but just to show how figures can be used, the cost would now be more than we estimated the cost to be.

So, Mr. Speaker, you know, I think people have worked hard on this project. I think we have had a lot of difficulties on this project from various sectors because of the problems we had with inflation, cost of material, wages and that sort of thing since 1971. There are a lot of reasons why the cost of the complex has increased. It is certainly not because of any suggestion that the hon. Leader of the Opposition makes or the hon. member for LaPoile (Mr. Neary) might want to make and did not make or whatever, you know, that it was part of a grandiose deal by the government and Scrivener. It certainly was not. The guys in the Department of Public Works worked very hard for two years from 1971 to 1973, worked very hard to come up with that final agreement. The government was proud of that agreement. That is why the government tabled the agreement in the House of Assembly. If the government was not proud of it the last place in the world they would table it would be in the House of Assembly. That was tabled with honour and integrity and with a deal that government thought was better than the original deal of 1971. And I stand by it with my signature on it, as I say, for my honesty and integrity. And if I have to take any steps because -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. ROUSSEAU: - if I have to take any steps that I think that an honourable and integral man should do because of any suggestion or any implication in that I will answer the question when the time comes about that in detail. In five minutes you cannot do it. But I can assure you gentlemen that that name did not go on that document lightly.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The third matter for debate regards the granting of loans to sawmills on the Avalon Peninsula.

The hon. member for Bellevue.

SOME HON. MEMBERS: Hear, hear!

MR. CALLAN: Mr. Speaker, the question that I asked a few days ago was: Is it possible to obtain a loan for sawmills on the Avalon and the Isthmus of the Avalon? The reason I asked the question, Mr. Speaker, is as I understand it, the Department of Rural Development says that in order for a sawmill to be viable it has to produce more than 60,000 board feet of lumber in a year. And now, of course, the Department of Forestry will not issue a permit for more than 60,000 board feet on the Avalon and so a person who goes and applies for a Rural Development loan is caught in a rather strange web. Number one, the Department of Rural Development says that in order for a mill to be viable you must produce more than 60,000 board feet. The Department of Forestry says that the amount of lumber on the Avalon is small, the amount of wood, timber and so we will not issue permits for more than 60,000 board feet.

Mr. Speaker, a gentleman came in - as a matter of fact several gentleman that I now of came in to the Department of Rural Development recently to try and obtain a loan for a sawmill and they were told that in view of the fact that you cannot get a permit for more than 60,000 board feet, and you must produce more than that in order to make it viable and to pay back your loan and so on, these gentlemen were told that what they should do is go back to their communities, surrounding communities, and ask the people in the area, would they sign a statement or give them a letter or give them some kind of an agreement on paper, that they would sell their logs, 200 logs, 300 logs, 400 logs, that they would be cutting logs this year and that they would also agree to sell these logs to this prospective sawmill owner.

Mr. Callan.

Now, Mr. Speaker, I think that is a rather odd criterion on which to base a loan agreement. The answer that I understand was given to the Rural Development officials was, "I would not go around my community to get people to put their signatures on something to bury my own grandfather let alone to try and get a Rural Development loan." Mr. Speaker,

MR. W. CALLAN: the Minister of Rural Development when he answers, I hope he answers and answers directly, and I hope we do not get into personalities here in the way of talking about the individual members of a district because I am not talking about anybody in particular and I hope there are no aspersions cast in that manner.

The Minister of Rural Development in his reply may say that sawmills on the Avalon Peninsula have failed and this is why we are reluctant to grant more loans. Mr. Speaker, I contend that if sawmills have failed on the Avalon Peninsula it is not because the sawmill owners are lazy or anything of that nature, I think the reason they have failed is because they do not have planers to produce the top grade lumber. All they have is just the ordinary saw, and as I understand it Rural Development is reluctant to give these people planers. What they want them to do is produce your rough lumber and then sell your rough lumber to a larger operation so that that operation can plane the lumber and as anybody with any common sense knows, Mr. Speaker, that is where the cash is. That is where the profit is. It is selling the dressed lumber.

MR. MURPHY: How much does it cost to get a planer?

MR. CALLAN: How much? About \$7,000.

So, Mr. Speaker, this is why, because they do not have planers and Rural Development it appears do not want these sawmill operators to get planers, they want them to sell their lumber to the larger operations and of course it is the larger operations that make the profit. That is where the profit is. One sawmill operator told me that he can spend all day at his bench sawing rough lumber and make nothing, but then come back for an hour after supper and he can make more profit in an hour than he made all day by just sawing the rough lumber.

MR. CALLAN: Why that is and if that is the case, Mr. Speaker, I think it is terribly wrong and why it is I do not know.

Another reason, Mr. Speaker, if sawmills are a failure on the Avalon I contend that it is because, and this is common knowledge, Mr. Speaker, that you can go to any dealer and buy lumber that is imported right from British Columbia, you can buy it cheaper than you can buy locally produced lumber. The question again is why? And what is the answer?

Mr. Speaker, farmers across this Province have been calling for a vegetable bank, a bank where they can put their vegetables. My suggestion, Mr. Speaker, is that this is what is needed in this Province for the lumber industry, a bank where these sawmill operators can take their dressed lumber, not their rough lumber, their dressed lumber and sell it and of course then resold.

SOME HON. MEMBERS: Hear! Hear!

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

MR. LUNDRIGAN: Mr. Speaker, I will certainly have a look at the recommendation of the hon. gentleman. He has made some points, thrown a couple of suggestions across the way. What I would have preferred for him to do is, if he had a problem, as he is known to have done before, one in particular in his riding where he had a case of a chap who wanted a planer and we had a look at it and we did not feel he should have a planer, we did not think he was big enough. He came down and he was able to negotiate for his client and eventually got the planer.

He is making a suggestion that we should have more flexibility in Rural Development, we should be more anxious to risk a few dollars, to go out on a bit more on a limb, to go with even smaller operators than we have gone with, and I would like for him to get his colleague on side with Rural Development because a lot of the philosophy he expressed is a personal philosophy

MR. LUNDRIGAN: of mine. But I am between the devil and the deep blue sea. There is another expression that I could use as well in describing the position I find myself in. I find every day there is not a member across the way, even including the Leader of the Opposition, who does not find a need to come through and say, "Look, can you help out So and So? Now he has got a little bit of potential! We are not sure of this that and something else and away we go with a very flexible programme, one of the best programmes under Rural Development Authority that we have anywhere in Canada, but I never hear the hon. gentleman stand up when we get a chance at the programme, which is flexible, has a lot of failings, a lot of failures. If you are dealing with 1,000 loans you are going to have a lot of people that you are not certain of and we are a bit flexible in making the decision, you are going to have problems.

I never hear hon. gentlemen stand up and say, "Look, I think you are right on that, go a little further on this and the like." Now the hon. gentleman is saying to us that you need to go a little further with your programme. I would like to advise him that we have in the Province over 1,300 mills, we have to be a bit selective. You cannot go with an individual who comes in and says that I would like a sawmill.

MR. LUNDRIGAN:

I have got a license for 20,000 feet of lumber. At \$150 a thousand that is \$3,000 a year. I have got myself and my young fellow to cut lumber. Now I have been in the logging business ever since 1948 personally. My whole family background is in the field. I know on 20,000 or 30,000 or 40,000 or 50,000 feet of lumber a year it is pretty difficult to make a living. One hundred and fifty dollars a thousand rough lumber is a good price. Now he also comes in and says, "I would like a planer." We have got to sort of sit back and say, "Just a minute now. Even if we loan you the money, even if it is interest free, even if it is ten years repayment, we are not certain that it can give you an adequate return so that you can pay back the loan and make a dollar." And we have always got to make these judgements because in giving money or loaning money, government taxpayers' money, we have got to also be aware of the fact that we are leading the individual along a path where he might invest of his engeries in these few dollars and fail. So we make that kind of a judgement.

On a planer, he has made comments about a planer. Every mill in the Province cannot hope to have a planer with the feeling that, you know, you have got \$7,000 or \$8,000 or \$10,000 of a planer. If you do that the minimum amortizing of your loan is \$2,000 or \$3,000 a year which means you have to have a cash flow of \$20,000 or \$25,000 a year to make a dollar on your loan. These are judgements we make.

Now he made a comment about central planer operation as a concept. Jamestown is an example of where that has worked very, very effectively, where an individual, a young chap - is the hon. member aware of it?

MR. CALLAN: I am not talking about a central place. A bank.

MR. LUNDRIGAN: What does the hon. gentleman mean by a bank? Is it a place where there is equipment where he can take his logs or his lumber in to manufacture it?

AN HON. MEMBER: A mill cutter.

MR. LUNDRIGAN: He is talking about a central planer mill concept.

MR. PECKFORD:

No, he is not. He is talking about everybody having their own planer and then after they have planed their lumber they go out and sell it to the central-

MR. ROBERTS: Mr. Speaker, really. I mean, let the minister say what he has to say.

MR. LUNDRIGAN: I thought the hon. gentleman was making a suggestion along the lines of a central planer mill where you have -

MR. CALLAN: No, marketing.

MR. LUNDRIGAN: Well, Jamestown lumber. Go down to Jamestown and have a look at an interesting concept of a young chap who has got all kinds of energy and drive and capability. He was able to get the owners in a particular area to work together in pooling all their lumber. They have a central mill. All of the owners of the sawmills, these small little operators, have put so much equity into this business and they are carrying on their operation very successfully. They avail of our little loan programme for working capital every year. They repay it religiously. They are making a dollar because they have an appreciation of the value of their raw product in the manufactured form which means he gets \$200 a thousand rather than \$125 or \$130. But that concept, Mr. Speaker, is only able to be carried on by private business people. If anybody is interested in that concept I would be most anxious if they came forward.

Meanwhile, if the member has particular cases that he is not happy with, drop me a note and I will have a look at them.

MR. SPEAKER: The motion before the Chair is that this House do now adjourn. The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I move that the House on its rising do adjourn until tomorrow, Friday, at ten of the clock and that this House do now adjourn.

MR. SPEAKER: The motion is that the House do now adjourn until tomorrow, Friday, at ten of the clock. Those in favour "Aye". Contrary, "Nay". In my opinion the "Aye's" have it. The House stands adjourned until tomorrow, Friday, at ten o'clock.

I N D E X

ANSWERS TO QUESTIONS

TABLED

MARCH 10, 1977

AND

QUESTION 198

TABLED

March 9, 1977

MAR 1 0 1977

Answer to question 120 by the Honourable Minister of Education as requested by the Honourable Member for LaPoile on the order paper February 17, 1977.

Answer:

1. No information has been provided other than the fact that the houses sold were appraised by a Real Estate appraiser and were sold after being advertised internally at the going market price.
2. The University owns no houses in the city of St. John's at the present time.

MAR 10 1977

Answer to question number 121 by the Honourable Minister of Education as requested by the Honourable Member for LaPoile on the order paper February 17, 1977.

Answer:

1. Yes.
2. Approximately \$60,000 a year; the greater part of which is used to pay interest on the loan.
3. It varies between 18 and 28.
4. There are no full-time staff at Harlow. It is operated on a part-time basis by University staff.

MAR 9 1977

Question #198

Mr. Neary (LaPoile)

Reference to questions regarding the Board of Commissioners of Public Utilities.

Question #198

<u>Members</u>	<u>Salaries</u>
Clarence W. Powell, Chairman	\$40,000.
Charles W. Earle, Vice Chairman	32,400.
George F. Lawrence	24,840.
Reginald E. Good	24,840.

Question #2

Frederick Saunders, Clerk of the Board & Executive Director \$23,139.