

PRELIMINARY

UNEDITED

TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

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

TUESDAY, MAY 10, 1977

The House met at 10:00 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

MR. MURPHY: Mr. Speaker, if I may ask the indulgence of the House for just a few short moments. It is not actually, I do not think, a thing that is customarily done but as a member for St. John's Centre I would like to ask the indulgence of the House if I could pay tribute, or extend congratulations today to a very fine lady, a name well-known in the city of St. John's, Mrs. W. J. Duggan, who celebrates her ninety-first birthday today at present at the Hoyles Home. And the reason I bring it to the attention of the House, Sir, is the fact that her family down through the years has been one that has contributed a great deal to the culture of this Province, and I refer particularly to her late husband, Billy Duggan, who was known as Uncle Tim for many years and carried on a programme The Barn Dance, her son, Dermot Duggan, who is associated with the Department of Tourism and a wonderful artist, and another son, Mickey, who is a famous orchestra leader. And I say, Sir, if I am pardoned, but I think a person like that, who has not been perhaps one learned in the law or one that has been honoured by any great institution, I think left her mark on this, not only the city of St. John's but on the Province generally as a wonderful lady with a wonderful family, and I think the family has made a very great contribution, Sir, to the culture of this Province of ours, particularly in the first fifty years of this century. She is ninety-one years old today and is in good health at Hoyles Homes, so I would like to take the opportunity to express to her, and I think on behalf of all of us here, Sir, very many wishes for a very happy birthday.

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

MR. ROBERTS: Mr. Speaker, the hon. gentleman's action as he said is somewhat unusual, but it is nonetheless welcome and we on this side are happy to join in this expression of birthday wishes to Mrs. Duggan and we hope that she has many more years of health and happiness and many more years of receiving congratulations from the House, Sir.

PRESENTING PETITIONS:

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

MR. ROBERTS: I ask leave, Sir, to present a petition signed by 630 of my constituents, almost all of them residents of the town of St. Anthony, all of them from that part of the Straits of Belle Isle riding.

MR. NEARY: Not the seal fishery?

MR. ROBERTS: No, it is not the - for the sake of my friend from LaPoile (Mr. Neary), this one is not the seal fishery although there is more action coming on the seal front in the next day or so.

Sir, this petition is similar to those which have been presented by a number of others of my colleagues. I believe all have been presented from this side of the House. It is a petition that has come in response to the request made by the Grand Orange Lodge of this Province, requesting that the sale of alcoholic beverages on Sundays be banned and be restricted.

The petition comes to me under the sign and seal of

MR. ROBERTS: the Grand Orange Lodge of Newfoundland, from Mr. Ernest Warren, the Grand Secretary, and it was taken up by the officers and the members of the Lodge at St. Anthony which is L.O.L. No. 126.

 The prayer of the petition, Sir, is quite straightforward; it requests that the government take action to ban the sale of alcoholic beverages on Sunday, and I assume, although it has never been spelled out, that this would be both in clubs and taverns on the one hand, and in hotels and restaurants on the other hand. There may be a distinction made in the eyes of the petitioners, but if so, I do not understand - not that I do not understand it, I am not aware of them having made such a distinction. They want the sale of all alcoholic beverages banned on Sundays in the Province.

 Sir, the prayer of the petition, I think, is one which we ought to take very seriously. The prohibition of alcoholic beverages sales will not in itself stop people consuming them and we have had the unfortunate experience in this Province, this country as we then were - and before that we had the experience in the United States - which shows that prohibition in itself does not work. But there may very well be a very strong case for banning the sale of alcoholic beverages on Sunday, one day of the seven.

 In the last few years, I suppose the last ten or fifteen years, there has been a great increase in the number of clubs and licensed establishments throughout the Province and I tend to divide these into two types; the ones which sell liquor and wine and spirits, beer and the like with meals, and on the other hand, the clubs and taverns and various kinds of operations which sell liquor and wine and beer and spirits by the glass or by the bottle or by the drink, however these are sold.

MR. ROBERTS: I think these are two different types of operations.

There has been a vast increase in both types of operations, Sir, and indeed, I do not think there is now a part of the Province where alcoholic beverages are not freely available. Even on the Northern Peninsula, which was a stronghold of Methodism, we now have a government liquor store in St. Anthony that has operated for seven or eight years without any complaint of which I am aware, any complaint from anybody, any citizen or group in the area. We have a number of taverns.

The town of Grand Bank, one of the strongholds of the Methodist Church in this Province, has had a government liquor store and a number of licensed establishments operating for a number of years, and again, as far as I am aware, without any massive public protests. So I think that the sale of alcoholic beverages is accepted by our people. They may not like it but they do accept it.

But, Sir, more and more people, and I number myself among these, are becoming very deeply concerned about the effects of the sale of alcoholic beverages. The price that we are paying is a high one and the price that we are going to pay in the years ahead will be even higher in the terms of the damage to families, of the damage to people's lives. You could cost that out in dollars, what it has cost us in hospitals; it must be thousands, many hundreds of thousands, possibly millions of dollars a year, but even more than that, in terms of human suffering, the cost of alcoholic beverages is a very great one.

This is not the place to debate the fact, but I think the government ought to be doing more by means of alcohol education. I do feel that but there

MR. ROBERTS: will be an opportunity to debate that at another time. But I do think, Sir, this suggestion is one that we ought to take seriously. It would end the sale of beverages in all clubs and I guess in all restaurants too on Sunday, and it would mean that whatever you could do on a Sunday legally, you could not legally go out and get a beer or get a drink. I think there is something to be said for that, Sir. Certainly there are 630 of my constituents who support that request.

There have been a number of other petitions. I think my friend from Terra Nova (Mr. Lush) presented one. The gentleman from Twillingate (Mr. Smallwood) presented one, and if I am not mistaken the gentleman for LaPoile (Mr. Neary) had one.

MR. NEARY: No, Baie Verte.

MR. RIDEOUT: No, for Fogo.

MR. ROBERTS: My friend from Fogo (Capt. Winsor) had one. There have been a number of them and I would guess there will be others in the days and weeks ahead.

The Orange Lodge, the Grand Lodge of this Province is sponsoring this petition and it is obviously meeting a substantial and a ready response from people around the Province. I present it, Sir, with the hope that it will be taken very seriously and I would hope that the government within the near future will make a policy statement on this. The minister responsible is the Minister of Finance, as I understand it. He is responsible for the administration of the Liquor Commission. It reports to him. I would hope he would

Mr. Roberts.

speaking in this matter. If he does not I would hope that he will shortly be in a position to announce the government's response to the request of these people. I think their request is one with much merit. I think it must be taken seriously, and I hope, Sir, we will see a response by the government whether they want to restrict the sale of all alcoholic beverages, whether they want to restrict the sale in some kinds of operations or whether they feel that the system which we now have will not be improved by making this change and thus they will not make the change.

I present the petition, Sir, and I do so, as I say, with the strong request that the government take it with the seriousness which I think it merits and that we do have a response from the government very shortly.

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: Mr. Speaker, in view of the fact that there have been a number of such petitions, as the hon. member has pointed out, I feel that I should say a word or two in support of the petition. There appears to be two different issues, and one of them invariably creeps into the prayer of the petition. It would seem that the petition is one based on the fact that alcoholic beverages are being sold on Sunday rather than on the fact that there are too many alcoholic beverages being consumed in the Province. And to that effect I would suggest that probably as more people make their views known on that situation then government will apply itself to developing a policy along the lines which will respect the opinions of those people most directly affected. It may very well be that there may be areas of the Province which may think that the sale of alcoholic beverages on Sunday is a very acceptable thing and something that is a very normal and reasonable sort of an event. We may very well find that parts of the Province may be dry on Sundays and other parts of the Province may very well be floating in demon rum. I personally feel that

Mr. Doody.

the solution to the alcohol problem - and there certainly is one - in this Province is not the closing of bars or the lifting of licences.

MR. ROBERTS: It certainly is not prohibition.

MR. DOODY: Prohibition was tried before, and the net result was to turn a lot of honest people into crooks and a lot of crooks into millionaires, and the resultant hardship was certainly an example which we should not try to duplicate. Those people who want a drink, whether the law says that you cannot have a drink on Sunday or not, are going to find it and are going to have it. The regulation of the sale of alcoholic beverages, I think, is the most important factor in that particular area.

But, as I say, if there are enough people in the Province and enough areas of the Province who feel that it is wrong to serve alcoholic beverages on Sunday, then certainly this government will look at that problem and develop a policy along these lines.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: The response of my hon. friend, the Minister of Finance, to the prayer of the petition, Sir, is typical of the attitude of this government. They will not lead. If they are pushed into it - this is what the minister is saying - if they are pushed into it by political pressure, then they may make some changes.

MR. SPEAKER: Order, please!

I must call the hon. gentleman's attention that in my opinion he is commencing to debate the matter, and that he should restrict his comments to the support of the petition, and matters very closely related thereto.

The hon. member.

MR. NEARY: Mr. Speaker, in supporting the prayer of the petition, Sir, I do hope that the government will not wait to see if there will be

Mr. Neary.

other petitions and then yield to political pressure, that the government will take the lead in this matter, and conform to the wishes of the prayer of the petition and ban drinking on Sundays. After all, Mr. Speaker, Sunday is supposed to be a day of rest and prayer, and it is the one day in the week, Sir, when people should be spending most of their time with their family. Instead of that, Mr. Speaker, as was indicated by the two gentlemen who have spoken on the petition, Sunday, I would say, is the time that Newfoundlanders really swing it. The clubs on Sunday night are bursting at the seams. You have got rock and roll going on all over the Province, heavy rock and light rock, and it seems, Mr. Speaker, that Sunday nights in certain parts of the Province is the night that she really swings.

Mr. Neary:

And it is the one day in the week, Sir, as I said, when people should be spending their leisure time with their families. After all, there is work the next day, Sir. If they are out swinging on Sunday night how are they going to get up and go to work the next day, go to the university, go to the vocational schools, go to the college? They probably would be a little muddled the next day, I would think, Mr. Speaker. So I think it is a good idea to ban the sale of booze and beer on Sundays, and anybody who wanted to have a beer on a Sunday could always go down to the retail store on Saturday and pick up his half dozen, bring it home, put it in his fridge, and if he wanted to have a beer or a glass of wine with his dinner on Sunday he can still have that.

You know, Mr. Speaker, the one field in which we have advanced further than any other in this Province is in the field of the distribution of booze and beer. My hon. friend from Bonavista South (Mr. Morgan) is looking at me there wondering if I am going to bring up - because all of these petitions are sponsored by the LOA, and my hon. friend, by public tender, bought an LOA building down in Salvage which the hon. gentleman is now converting into a night club or a restaurant of some kind. No doubt there will be the sale of booze. I do not know whether my hon. friend will open it up on Sundays or not.

MR. MORGAN: It will not be open on Sundays, I can tell you that.

MR. NEARY: Well that is good, Sir, I am glad to hear that. This is the irony of it all, Sir; the LOA is sponsoring the petition and my hon. friend is opening up a club in a former LOA building.

But the number of signatures to the petition, Mr. Speaker, are increasing. The movement is gathering momentum, and I have no doubt at all, Sir, that there will be other petitions brought into this hon. House, and I hope, Mr. Speaker, before too long that the government will start to take the lead in this matter, and not be pushed into making a decision.

MR. SPEAKER: The hon. Minister of Consumer Affairs and the Environment.

MR. A. MURPHY: Mr. Speaker, I just want to say one or two words with reference to this matter, and I think we have got to realize that the whole question of alcohol has become quite a problem, and now we are referring particularly, of course, to the Sunday drinking. And I certainly hope, Sir, that this government or any other government does not get back to the fact where we open between the hours of twelve and three, and the hours of five and eight, like it was in force for some years and, I think, it was the greatest travesty, if you like, of an Act that ever was, where so many mothers and what not had the dinner on the table at twelve o'clock or one o'clock, and of course, everybody hung on until the bar closed at three and back again at five.

And if I may just localize it a little bit, I remember at that particular time that the last Mass at the Basilica was eleven o'clock and you got out just about noon and you had the grateful, just by the door, as soon as she was ended, and it was a steady crack across the road over to the Cottage Garden on Freshwater Road.

MR. DOODY: You still got Sunday dinner at home.

MR. MURPHY: Yes. And the hon. Leader of the Opposition referred to serving food, or something with a meal. And I can remember one lady - I did work for the Brewery for twelve years - told me the story that - I think, it was in the Commission of Government days where you could not have a beer unless you had something with it, and she bought a package of crackers, I think, the 1st. of January and she used to send them up every week up to the drycleaners to be cleaned so she could put them on the table again for the next week. So it was a little bit of a joke.

But the whole question, Sir, of alcohol is quite a problem. I heard the hon. member for LaPoile (Mr. Neary) describe a hangover - I have never had one, at least not from liquor; but I have had many hangovers, perhaps the House of Assembly gives me more hangovers than any amount of liquor could do. But again it is a very serious matter, Sir, and I think it covers the whole area of drinking,

Mr. Murphy:

and it sort of broke my heart when I fought against it, and I do not want to get side-tracked in this, was when the former government passed an Act lowering the drinking age in 1971, and I thought it was rather a foolish move at that time. And I still think, Sir, that Sunday opening is a very good matter for to start off to discuss the whole question of the Alcoholic Liquors Act, Sir. And I am sure - and I do know for a fact that the Minister of Justice is quite concerned and that the thing will be looked into and the whole matter of drinking - and again I would like to say this that we always said it was not the use of alcohol was the problem, it was the abuse of alcohol was the problem, and these are things that we have to look at.

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MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: I have a petition, Mr. Speaker.

MR. SPEAKER: Do we have leave to revert to petitions?

SOME HON. MEMBERS: Agreed.

MR. DOODY: This petition is being offered to the House on behalf of literally hundreds of residents of Bell Island. And the prayer of the petition relates, of course, to the transportation problem between the Island and Portugal Cove, and

MR. DOODY:

specifically to the inadequacy of the service that is currently being offered by the company which has the franchise. The particular problem as outlined in the prayer of this petition reads, Sir, as follows, "And whereas the franchise granted to Newfoundland Transportation Company Limited on December 1, 1955 has given said company exclusive rights to the operation of the ferry service between Portugal Cove and Bell Island, and whereas the service provided by said company has been inadequate since its very inception and has grown continually more inadequate due to increase in traffic offering, and whereas the inadequacy of service is stifling economic development of Bell Island because of long waiting periods at either terminal, and whereas the company adamantly refuses to take steps which would improve the service, especially more frequent scheduling and clearing up of all traffic offering, therefore be it resolved that the hon. House of Assembly instruct Newfoundland Transportation Company Limited to conform to the Ferries Act, 1954 and rules and regulations emanating therefrom and to the terms of conditions of the Board of Commissioners of Public Utilities of Newfoundland, and be it further resolved that Newfoundland Transportation Company Limited immediately restore the service previously instituted but recently cancelled, namely clearing up all traffic offering which cannot be accommodated during regular scheduled trips because of inadequate capacity."

Now, Mr. Speaker, the company has - this was brought to my attention some little while ago by a number of people - the company had reverted to its old policy of 'the last trip, and that was it', and those cars which were left on either side were literally left there and off would come the service for the evening. We did have some correspondence with the Board

MR. DOODY:

of Public Utilities and with the company. And I understand from the people who asked us to present this petition that this part of the service has improved. I might say that the Catherine is on the run now and while it is a larger boat theoretically in terms of carrying capacity of motor traffic it is still most inadequate. Indeed it is smaller than the Guy. The problem is basically one of the Federal Government's refusal to recognize the fact that this boat is not large enough. But perhaps more importantly is the fact of the inter-action between provincial and federal government, the company that has the franchise and the ongoing complexity of applying the various rules and regulations from Ottawa from the Province. And the ultimate sufferers are the people on Bell Island who have had a very, very difficult time with their ferry service over the past years. The Federal Government had taken responsibility for it. They would dearly like the Province to take it over. The cost of it is exorbitant. A recent hearing by the Board of Commissioners of Public Utilities denied an exorbitant rate increase which was asked for by that company. As a result of this or perhaps because of it or perhaps in spite of it, the people on the Island contend that the service has deteriorated even further since that time.

So, Sir, I hardly endorse the prayer of this petition. I do feel that the people on the Island have a legitimate right to reasonable transportation. I have no hesitation whatsoever in, as I say, forwarding this petition to this hon. House, presenting it to this hon. House and forwarding it to the department to which it relates. Thank you, Sir.

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

MR. RIDEOUT: Mr. Speaker, I would like to stand and support this petition. As a matter of fact I have the greatest sympathy

MR. RIDEOUT:

for all those areas in the Province that are serviced by ferries. It is a most frustrating experience I except to have to live on an island and to be serviced by a ferry, particularly when that ferry service is inadequate and carried on at the whims of the operator. And I am a little surprised really with this one because some time ago I stood here in this House and debated this issue of the - I think Bell Island ferry is the only one in the Province that comes under the Public Utilities Board. The other ferries in the Province are not controlled, are not regulated by anybody, either federal or provincially - and that surprises me that there are some complaints with this particular service that comes under the Public Utilities Board.

MP. LUSH: And that causes me to question the kinds of action that I was asking for that all ferries in the Province actually be placed under the Public Utilities Board. And, Sir, I would suggest that if a company is not following out the regulations of the Ferry Act then there is certainly something wrong with the legislation or either that the Public Utilities Board is not given sufficient authority to see that the companies are following the Ferries Act or following the legislation to the letter of the law and if that is so then I think it is incumbent upon the government to see that the legislation has teeth, to see that the Public Utilities Board can ensure that there is an effective service.

And, Mr. Speaker, just one point in closing it. This is the case where the ferry service that comes under the authority or the control of the Public Utilities Board, hon. members do not have to stretch their imagination too much to sort of speculate as to what may be happening in those areas where the ferry systems are not under any regulatory body, just free to operate at will. And again, Mr. Speaker, I support this petition because I know exactly what it is like having the ferry system of St. Brendan's in my own district, and as I said I am surprised that a ferry system that is under the Public Utilities Board is having difficulties. I know in my own district the same thing happens that the - As a matter of fact right now the ferry services are supposed to be on two trips a day, and I checked only to find out that it is only doing one. And there is nobody to come to that company and say you must provide two trips a day, and indeed if there are people there the operator will not do it unless there is eight or ten cars or something like this. And I would urge the government to certainly look into all the ferry systems in this Province and to do what has to be done to give the Public Utilities Board the proper authority to ensure that the particular, this one, the Bell Island one, is following the Ferries Act. And, Mr. Speaker, I would urge that they extend the legislation to include all ferry systems under the Public Utilities Board but certainly

MR. LUSH: give them the authority, give them the legislation that will enable them to enforce the regulations of the Ferries Act.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I do not know if placing the Bell Island-Portugal Cove ferry service under the Public Utilities Board was a good thing or a bad thing. I do not know if it was an asset or a liability, Sir. I am inclined to think that it is probably more of a liability than anything else because, Mr. Speaker, what actually happened, for the benefit of my hon. friend, is that the Board of Commissioners of Public Utilities granted a franchise to the Newfoundland Transportation Company to operate a ferry service on the Tickle. As a result of that franchise all competition was eliminated.

MR. LUSH: They do not compete every year sort of thing?

MR. NEARY: There is no competition at all, Sir. Competition was eliminated and probably one of the weaknesses in this whole matter is that this company has been able to do what it likes over the past years and certainly nobody in this Province has had more to say about that transportation service than myself because, Sir, all my relatives and friends and neighbours over on Bell Island are involved and my former constituents that I represented in this House for fourteen years.

MR. SMALLWOOD: With honour.

MR. NEARY: I hope with a certain degree of honour, Sir.

MR. SMALLWOOD: And unending usefulness.

MR. NEARY: And what we have here today in the way of transportation, Sir, is probably due in large measure to some of my efforts in trying to get that second ferry to take the place of the Kipawo which is now operating down in the Terra Nova National Park. But, Sir, let me say this, Mr. Speaker, without getting into the realm of debate, that when the Government of Canada called public tenders there in 1975, I think it was, called public tenders for the operation of a ferry service between Bell Island and Portugal Cove and the tenders appeared in the newspaper and submissions were made by more than one company, by more than just

MR. NEAPY: the Newfoundland Transportation Company, submissions were made by two companies. The lawyers for the Newfoundland Transportation Company discovered a loophole whereby they could have the tenders cancelled. Can you imagine, Mr. Speaker, the Board of Commissioners of Public Utilities in this Province dictating to the big Government of Canada, Uncle Ottawa who is pumping a million dollars into that ferry service in subsidizes a year. The

MR. NEARY:

Province, the Board of Commissioners of Public Utilities saying to the Government of Canada, you cannot call public tenders for spending the taxpayers money.

MR. DOODY: You had better ship down to St. John's harbour now. It will be cheaper and you can carry more cars. (Last part inaudible.)

MR. NEARY: That is right, Sir. That is absolutely right. The Government of Canada had to cancel.

AN HON. MEMBER: (Inaudible.)

MR. NEARY: The franchise is granted by the Board of Commissioners of Public Utilities. It is provincial.

MR. ROBERTS: It is provincial, under provincial legislation.

MR. NEARY: I beg your pardon?

AN HON. MEMBER: The Public Utilities Board should not give them a franchise forever, should they?

MR. NEARY: Well, they had a franchise forever. They have had it for how long now - they must have had it for twenty-odd years, is it?

AN HON. MEMBER: Twenty-two years.

MR. NEARY: Twenty-two years. And, Mr. Speaker, the Government of Canada, the water transport committee of the Department of Transport called public tenders. They were determined to improve that service once and for all, to provide the people of Bell Island with the best service available by calling public tenders and have submissions made. But the government, the Province, the Board of Commissioners of Public Utilities said no, you cannot do that. So the Government of Canada was forced to deal with the Newfoundland Transportation Company and forced to subsidize the Newfoundland Transportation Company to the tune of \$1 million a year whether they liked it or not. What a scandal this would make across Canada, Sir. The Government of Canada being dictated to by a provincial regulatory body and say, You cannot call public tenders for the spending of the taxpayers' money.

MR. MURPHY: Is it covered by provincial law?

MR. NEARY: Yes, Sir, it is covered by provincial law.

MR. DOODY: It is not, it is not covered by provincial law.

MR. MURPHY: No, no.

MR. NEARY: It is, Mr. Speaker, covered by provincial law. The Board of Commissioners of Public Utilities are the ones that granted the franchise. So when the people of Bell Island had an opportunity to get their service improved, to get the service they wanted, they were barred by this franchise that was granted back in the early 1950's. And, Mr. Speaker, I would like to ask a question, too. In two provincial elections in this Province, the party that is now in power went around the Province campaigning on the grounds that if they were elected that they would immediately look into the possibility of making communities that were serviced by ferries a part of the Trans-Canada Highway system, extend the highway system and make it free. That statement was made on Bell Island in St. Pat's Theatre prior to the 1972 election by none other than the hon. Premier of this Province.

MR. ROBERTS: Another unkept promise.

MR. NEARY: - and then made subsequently in the following election.

AN HON. MEMBER: Can you prove that?

MR. NEARY: Yes, Sir. Sir, I had my spies in the hall that night.

And then it was published in the newspaper.

MR. DOODY: Did not have a meeting (inaudible.) when I ran there was not a meeting.

MR. NEARY: In St. Pat's Theatre, Sir, there was a meeting held on behalf of the Tory Party, they had a political rally in St. Pat's Theatre. I do not know - my hon. friend might remember that that was the night that they started to tear the - no, it was the hockey player who ran at that, the hockey player who ran -

AN HON. MEMBER: (Inaudible.)

MR. NEARY: That is right, the hockey player.

MR. DOODY: I made no promises.

MR. NEARY: The gentleman who got all the rural development loans and the piece of farm equipment and has not done any farming yet. But, Mr. Speaker, I would like to know what has happened to that promise. And then what about the causeway that they are now talking about. The minister did not tell us anything about the study that is being done. Put the study on the table of the House so we can all have a look at it. Mr. Speaker, I could go on for hours talking about the problems involved in that ferry service, Sir. But I only have limited time, Your Honour. But maybe in a later debate I may have something to say about it. But I have no hesitation at all, Sir, in supporting the prayer of the petition.

MR. SPEAKER: Before recognizing the hon. minister, I would draw the attention of members and welcome to the House of Assembly on their behalf thirty-five grade eight students from the central high school of St. Bride's. They are accompanied by two teachers, Mrs. Florence Coffey and Miss Patricia Nash. I know all hon. members join me in welcoming these students and their teachers.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. Minister of Transportation.

MR. MORGAN: Mr. Speaker, I support the petition tabled by my colleague with regards to the need for improved transportation services to the Island community of Bell Island. First of all, I would like to clarify a misunderstanding put forward to the House by the hon. gentleman from Terra Nova (Mr. Rideout) because there are regulatory authorities over the ferry services in the Province. And if any citizen or groups of citizens are dissatisfied with the ferry services throughout the Province with regards to the places like - other than

MR. MORGAN: Bell Island - like for example St. Brendan's and Greenspond and Fogo and these places that the CTC, the Canadian Transportation Commission in Ottawa, the water transport division of that Commission is strictly responsible for the level of service provided by these ferry services based on the fact that these ferry services are subsidized by the Ministry of Transport, and they are subsidized by the Ministry of Transport upon recommendations put forward by the CTC and the -

MR. ROBERTS: As all (Inaudible).

MR. MORGAN: Mr. Speaker, if I could speak without being interrupted.

MR. SPEAKER: The hon. member wishes to speak uninterrupted -

MR. MORGAN: So, Mr. Speaker, the -

MR. SPEAKER: Excuse me, please! The hon. gentleman wished me to rule in his favour. The hon. gentleman wishes to continue his speech without interruption.

MR. MORGAN: Mr. Speaker, so that is a very serious misunderstanding put forward to the House of Assembly and to the media of the Province because all ferry services do have some regulatory authority over them governing the level of service, and over there on Bell Island which was up until a few years ago all of them are now under the control of the CTC in Ottawa. They can dictate the level of service. If an operator is not providing the level of service satisfactory to the residents concerned, they can take the case to the CTC and the CTC should, in my view, and it has been made known to them on a number of occasions in the past year, hold public hearings and give the people a chance to put forward their views of how the service can be improved.

Now with regards to Bell Island the situation there is rather complicated because of the fact the Federal Government subsidizes the operation and just recently, in fact within the past year, the CTC was told, and I repeat, was told, they made no decision themselves yet they were subsidizing the operation, they were told by the Federal Cabinet, a unilateral decision was made by the Federal Cabinet without consultation

MR. MORGAN: with this Province, that we are not going to increase the subsidizes of the ferry services in the Province including Bell Island. And because of that of course the operator had no choice but to make an application for an increase in fares. When the application was made, it was decided that the Provincial Regulatory Authority which is delegated authority by the Federal Government to deal with the application. They dealt with the application and of course we saw the results. They did not get the increase they wanted. But this all came about because the Federal Cabinet unilaterally decided, without consultation with the operators, without consultation with the Province, without consultation with the Public Utilities Board of Commissioners in the Province, they decided they were to, in other words, hold a line on the subsidizes. Therefore the petitioners are now of the opinion, according to a petition tabled by my colleague today in the House, that they are of the opinion that because of the decision made by the Board of Public Utilities not to grant an increase in their fares, because of the hold the line on the subsidizes that the service is now deteriorating to the Island and this is unfortunate, very unfortunate. In fact the ferry service throughout the Province only by the skin of our teeth, and I repeat, only by that, when within a matter of two days before the end of March, 1977, the Federal Government was going to pull off all the ferry services in the Province, all seven total, pull them off. I mean pull them off by saying we are not going to subsidize any more in Newfoundland, do the same to us as they did in B.C.

But because of our strong protests and the meetings in Ottawa back and forth, because of that the Federal Cabinet decided to change their decision and to carry on the subsidizes for at least, and I repeat, for at least one more year. And that is the conditions were are now operating under. But it is their attitude and their policy to drop the subsidizes on all ferry services in the Province and have the Province take over the operations.

So, Mr. Speaker, in closing my remarks on the petition I again like to indicate that this department is willing to meet with the

MP. MORGAN: operator and with the citizens of the area or their committee, I think they call themselves the Computers -

MR. NEARY: The Commuters.

MR. MORGAN: Yes, Mr. Vickerson and those - I am getting mixed up in Vickers and commuters - Association or group on the Island or in fact any other organized group representing these petitioners, meet with them and the operators and if necessary the CTC and the Public Board of Utilities and try to find ways and means of improving the service to the Island. And of course, with regards to the rest of the Province we will continue our pressures in Ottawa to maintain these services and to improve them in the future.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The hon. minister on presenting reports by standing and special committees.

AN HON. MEMBER: By leave.

MR. ROUSSEAU: By leave.

MR. SPEAKER: Agreed.

MR. ROUSSEAU: Thank you very much. I would like to table the 1976 annual report of the Workmen's Compensation Board.

SOME HON. MEMBERS: Hear, hear!

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN:

MR. SPEAKER: The hon. Minister of Fisheries.

HON. W. CARTER: Mr. Speaker, I want to supply an answer to a question put to me some time ago by the hon. Leader of the Opposition concerning the location of the herring processing plant in Southern Labrador.

MR. ROBERTS: Plants.

MR. CARTER: Plant, plant. Mr. Speaker, a decision has been made on the basis of a meeting held by the officials in the Department of Fisheries and the Canadian Saltfish Corporation and others to at least for this year, to have the plant operated at L'Anse-au-Clair. There was representation made to the department to have it operating at L'Anse-au-Loup I think it was. But the fishermen's committee met, fishermen from I believe Red Bay down to L'Anse-au-Clair at which time a vote was taken. And it was all but unanimous, that certainly for this year that the plant should be operating at L'Anse-au-Clair. Indeed there were fifty people in attendance, fifty fishermen representing pretty well all of the communities that I have mentioned. There are at least between the areas I have mentioned, and all but one but the persons in attendance supported the proposition that the plant, at least for this year, should be located in L'Anse-au-Clair.

ORAL QUESTIONS:

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

MR. ROBERTS: In the absence of most of the ministers who count. Sir, it is difficult to ask a question. Could I begin by asking - I presume the Minister of Mines and Energy is the acting House Leader - where is

MR. ROBERTS:

the Premier, the Minister of Justice, the Minister of Finance, Sir, three men of whom we wish to ask questions? Sir, the senior ministers, where are they? There is the Minister of Finance. Where are the other two, Sir?

AN HON. MEMBER: Mr. Speaker -

MR. ROBERTS: No, hold on now. Answer the question now.

MR. SPEAKER: The hon. minister.

MR. PECKFORD: Mr. Speaker, the hon. the Premier and the hon. Minister of Justice have commitments early this morning and should be in the House very shortly.

MR. ROBERTS: They are the people who forced the House to meet at ten in the morning, Mr. Speaker. They might do us the courtesy to be here.

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

MR. SPEAKER: A point of order.

MR. PECKFORD: A point of order. That comment by the hon. Leader of the Opposition is completely out of order. This is the Oral Question period and not a time for debate.

MR. ROBERTS: To that point of order, Sir. Maybe I am out of order, but so is the action by the Premier and the Minister of Justice in forcing this House to meet at ten after having been here at eleven and then ignoring it and treating it with contempt by not being here to answer questions, Sir. Now may I ask a question to the Minister of Finance, who has been very faithful in his attendance?

MR. SPEAKER: Order, please! On the specific point of order brought up by the hon. Minister of Mines and Energy. He was in fact correct and the hon. Leader of the Opposition's remarks were of the nature of debate.

MR. ROBERTS: A question for the Minister of Finance, who has done us the courtesy, who has done the courtesy to appear in the House as he always does, and we are grateful to him and I wish to acknowledge his courtesy as opposed to the contempt shown by his colleagues including the Minister

MR. ROBERTS:

of Mines and Energy. Mr. Speaker, if I may ask -

MR. MORGAN: On a point of order, Mr. Speaker.

MR. SPEAKER: A point of order.

MR. MORGAN: Mr. Speaker, on a point of order. The hon. Leader of the Opposition has on two occasions now indicated that my colleague the hon. Minister of Justice and our Premier is showing contempt for the House of Assembly. Mr. Speaker, the hon. Minister of Mines and Energy has clearly indicated to the House of Assembly that the hon. the Premier and the hon. Minister of Justice are presently on commitments by holding meetings outside of the House of Assembly. And therefore they are not holding this House in contempt.

MR. ROBERTS: To that point of order, Mr. Speaker. First of all, let it be established the Premier is in the building because he and I came in together at nine o'clock. Secondly, Sir, I have indicated that it is contemptuous of a member not to attend the service of the House. And if I can find the appropriate standing orders, Sir, there is a standing order which requires members to attend the service of the House of Assembly unless they are otherwise excused. And I would submit that neither the Premier or the Minister of Justice has been excused or has asked to be excused. If they schedule commitments, Sir, that take them away from the House that is contemptuous, in my opinion, Sir, in my submission. It is the Minister of Justice and the Premier who have insisted the House meet at ten o'clock in the morning. We have accommodated them. My colleagues are here. We have a limited time for questions, and we are given the bush league ministers, Sir, with the exception of the Minister of Finance and the Minister of Fisheries, we are not given any of the ministers of whom important questions should be asked. How are we to ask them? All we are told is, "Oh, notice is taken," and then nothing happens, Sir. I think it is contemptuous of the Minister of Justice and the Premier not to be here. I do not have the appropriate Standing Order, but there

MR. ROBERTS: is a standing order in our standing rules, Sir, that says all members must attend the service of the House unless they are excused. I do not have the exact wording and the index is so appallingly bad in our standing orders, but I am sure Your Honour is familiar with it and I would submit, Sir, that these ministers have shown contempt by not being present for Question Period. There are only two, four, six, eight, less than half the Cabinet, Sir, are here for Question Period today, eight out of the sixteen or seventeen Ministers of the Crown. That is not good enough; Sir.

MR. PECKFORD: To that point of order, Mr. Speaker. Those comments by the Leader of the Opposition are small almost beyond words to describe, to try to indicate that ministers are not turning up and are being contemptuous of the House. Every member, members on the opposite side, all the members of the Opposition are not present right now in this hon. House. Some of them just came back to the House after being away for several days, and so on it goes. Let it be recorded that it was this administration that has put in the standing orders a Question Period that Liberal policy dictated would not be.

MR. SPEAKER: Order, please! The specific standing order, but as I recall the point of order was raised to the effect that the proper procedure for asking questions was not being followed. The appropriate Standing Order, 80, "Every member is bound to attend the service of the House unless leave of absence has been given him." The implementation of that, or what is to be done if that is not observed is not self-evident. I would think, without ruling on it, but I would think that it would probably be a matter of a substantive motion which the House would decide. However if I understand the specific point of order, and these matters arose up in a peripheral manner, the specific point of order with respect to the Question Period, I would quote May, page 327, which is very close to our Standing Order 31, "that questions which seek an expression of opinion or which contain arguments, unnecessary epithets, offensive expression, argumentative should not be included in questions."

MR. SPEAKER: So the substantive point of order is that questions should seek information, and answers if given should give it without requiring or entailing debate.

The hon. Leader of the Opposition.

MR. ROBERTS: The question -

MR. NEAPY: I would like to move, Mr. Speaker, that the hon. Premier be impeached for not attending these sittings of the House, if that is in order. I understood Your Honour stated that a substantive motion could be made at this particular time.

MR. SPEAKER: Unless I heard argument to the contrary I am not aware of a motion to impeach -

MR. ROBERTS: Censure, censure!

MR. SPEAKER: I could not accept that motion. I have never heard of one to impeach a member.

MR. ROBERTS: Sir, the Earl of Stafford was impeached and lost his head

Mr. Speaker, may I - Although I must say my sympathies are with the gentleman from LaPoile. Mr. Speaker, here is the Premier. I shall wait. He is coming now. The Premier is just in time, we are beginning Question Period.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: Mr. Speaker, my question is for the Premier. It is a very important subject, Sir. Could he tell us what additional steps the government are taking to cope with the unemployment situation that has been revealed by the latest figures from Statistics Canada which show that officially, and I think the unofficial figures are at least twice these, that nineteen point two per cent of the work force in this Province were unemployed during the month of March, the highest we have ever achieved during our entire history? What extra measures are the government planning to put into effect to cope with this?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: We all realize, Mr. Speaker, that the unemployment problem is serious. We also realize that it is serious not just here but across Canada, but extremely serious here. We are the first to admit

PREMIER MOORES: that. I would also say, Sir, that together with the Federal Government we have been working on priorities to make work to try to bring short-term alleviation to the fore in this regard. But it is a difficult problem but we are doing everything we can to combat it.

MR. ROBERTS: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. ROBERTS: I thank the Premier for the information, such as it was, in his answer. Could he tell us when we can expect some definite announcements? We have been hearing for some years now this talk about priorities and planning underway. When will we get some announcements? The people are out of work now.

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Yes, I realize that, Mr. Speaker. There will be more people out of work in October but the fact is, Sir, that we will do it as quickly as possible.

MR. ROBERTS: A further supplementary.

MR. SPEAKER: A further supplementary.

MR. ROBERTS: Mr. Speaker, can the Premier tell us what forecast his administration has made with respect to unemployment in the Province this year? Do they expect it to rise beyond the present figures and if so, by how much?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: The best that we can calculate - and this is in conjunction once again with the federal people who have the mechanism to do this probably as well as we do or better, Mr. Speaker - is that unemployment this year will average approximately the same as it did last year.

MR. ROBERTS: Well, we are well behind already.

MR. SPEAKER: A supplementary, the hon. member for LaPoile.

MR. NEARY: The Board of Trade are presenting their annual brief to the government I believe today or tomorrow. Would the hon. the Premier reverse the tables and ask the President of the Board of Trade what action the membership of the board are going to take in the private sector to deal with the problems of the economy of this Province, especially unemployment among young people? Will the Premier try to find out from the President of the Board of Trade if they have any plans within their membership to give young people the initial experience that they need in order to find jobs?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: I will certainly take that under consideration, Mr. Speaker.

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

MR. ROBERTS: Mr. Speaker, a question for the Premier on a different topic. We will be back to unemployment. But could the Premier tell us, and this is something I think under active discussion in a number of other provinces now, Manitoba and Prince Edward Island are two, could he tell us whether the administration are giving active consideration to the question of raising the legal age at which liquor may be consumed in this Province?

MR. SPEAKER: The hon. Premier.

MR. MOORES: No, Mr. Speaker, not at this time.

MR. ROBERTS: 'Ank' told us that you were.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I have a question for the Minister of Mines and Energy. Sir, would the minister tell the House if Newfoundland Hydro Corporation is providing a bus service between the Philip Building here and Elizabeth Avenue and the Centrec Building out in Donovans Industrial Park, if the Newfoundland Hydro Corporation provides a bus service for the employees to bring them out in the morning and bring them back in the evening?

MR. ROBERTS: Yes, they have a free bus service.
That is why our rates are going up.

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

MR. PECKFORD: Mr. Speaker, I will check the information out for the hon. member and have an answer for him next week.

MR. NEARY: A supplementary, Mr. Speaker.

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

MR. NEARY: Would the minister also find out the name of the people from whom the bus is chartered and the amount.

MR. ROBERTS: And was it done on tenders?

MR. NEARY: - And was it done on public tenders, and the amount of the charge?

MR. ROBERTS: How much are they charging the people who are using it?

MR. PECKFORD: Yes, Mr. Speaker, I will check out all those matters that are relevant as mentioned by the hon. member for LaPoile.

MR. SPEAKER: The hon. member for Bellevue.

MR. W. CALLAN: In the absence of the Minister of Forestry and Agriculture, perhaps the Premier could tell the House why is it that applications for Crown land in this Province take so long to be processed?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: I will take notice of the question, Mr. Speaker.

MR. CALLAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. CALLAN: A supplementary. Mr. Speaker, in the statistics that we got there, the budget and so on, there is one civil servant for every nineteen people in this Province. Mr. Speaker, down in the Crown lands, I have been told by the officials down there, that they are short on secretarial staff. And this is one of the reasons why the processing of applications takes so long. Now my second question is this: Mr. Speaker, I wonder if it is necessary for the process to take so long? For example, in the Department of Health, to get the health inspector in Harbour Grace to inspect a piece of land at Norman's Cove, you know, the application has to go to the centre office here in St. John's, and then to be redistributed. And so far a letter that was sent out to Harbour Grace on the twentieth of April has not arrived there. Why the bureaucracy?

AN HON. MEMBER: (Inaudible.)

MR. SIMMONS: A supplementary, Mr. Speaker.

MR. SPEAKER: I recognize the hon. member for a question but not a supplementary, but for a question.

MR. SIMMONS: Oh, I see. Well I would like to ask the Premier a question in the continuing absence of the Minister of Forestry. A couple of years ago, one of the former Ministers of Forestry announced that there was going to be re-organization of Crown lands and as a result the long delays in getting applications processed would be reduced from several months down to one to two months. I believe it is the present Minister of Health who announced that, that it would be brought up to date by June of 1976. And I am wondering now, and my question to the Premier is what went wrong? Why has this not been done? Was the transfer to the new building a factor or more importantly when can we expect it to be brought up to date?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: First of all,

PREMIER MOORES: Mr. Speaker, I think, I am not absolutely sure of this figure but I think we have doubled the staff in Crown Lands. I think it has been speeded up. I think Crown Lands has been one of the real problem areas for a long while, and there were outstanding applications for as long as five years back at one stage. It was just unbelievable. Steps have been taken, Sir, to decentralize the process where they do not have to refer to St. John's. I know there are offices in Grand Falls and Corner Brook -

AN HON. MEMBER: Gander.

PREMIER MOORES: Gander rather, Corner Brook now and hopefully in time it will go -

MR. ROBERTS: - Goose Bay but -

PREMIER MOORES: Well in Gander and Corner Brook they make decisions on their own, as I understand it.

MR. ROBERTS: There is one in Goose Bay that sends them back from L'Ance Au Clair to Goose Bay to Corner Brook to St. John's.

PREMIER MOORES: Either way, Mr. Speaker, everything possible is being done in the Crown Lands division. It is a difficult area to administer but there is room for improvement and it is of concern to us, but I rather the minister were here because I know he has some specific plans which he could give to the House.

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

MR. LUSH: Mr. Speaker, I want to ask a question to the Minister of Health.

SOME HON. MEMBERS: Hear, hear!

MR. LUSH: I wonder if the minister can inform the House as to what action the government plans to take to regulate and control ambulance services in the Province?

MR. SPEAKER: The hon. Minister of Health.

MR. COLLINS: Mr. Speaker, I believe I indicated to the hon. member during the debate on the estimates, I am not sure if I did or not, but at any rate we do realize that the great number of ambulances which are in

MR. COLLINS: place in the Province now should be regulated. We are very proud, Mr. Speaker, of the ambulance service which we provide, the road ambulance. The time has come I think when we must look at ways and means of offering training to the drivers. A great number of the drivers have already been trained. At any rate, the whole matter of the subject of discussion this past two or three weeks with the Public Utilities Board in terms of regulations and also with other interested agencies to try and bring about a better operation. As I say, Mr. Speaker, we are very proud of the ambulance service but it needs some refinements.

MR. SPEAKER: The hon. member for Fogo.

CAPTAIN WINSOR: Mr. Speaker, a question to the hon. the Premier. Can the Premier tell the House whether he has met privately with Premier Levesque of Quebec to discuss common problems pertaining to Newfoundland?

MR. SPEAKER: The hon. Premier.

PREMIER MOOPES: No, I have not met privately with Premier Levesque, Mr. Speaker.

CAPTAIN WINSOR: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

CAPTAIN WINSOR: Is the Premier contemplating such a meeting within the foreseeable future?

MR. SPEAKER: The hon. Premier.

PREMIER MOOPES: Not at the present time, Mr. Speaker, no.

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

MR. NEARY: Mr. Speaker, I would like to put a question to the hon. Premier in connection with the North side of the Argentinia Naval Station. Would the Premier tell the House whether negotiations have been finalized yet for the Province to take over the buildings and the property on the Northside of the Argentinia Naval Station?

MR. SPEAKER: The hon. Premier.

PREMIER MOOPES: Mr. Speaker, in conjunction with my colleague from

PREMIER MOORES: Placentia we have had ongoing discussions with the Federal Government for quite some time on this. When in Ottawa I met with the American Ambassador there and we discussed it further as well as with Mr. Jamieson, the secretary of State, and one would think that that should be finalized in the early immediate future. As a matter of fact we plan one further trip to Ottawa to deal with the principals concerned to get everything put into place but I think it is getting at that stage now.

MP. NEARY: A supplementary question, Sir.

MR. SPEAKER: A supplementary.

MP. NEARY: Would the Premier indicate, just give us an approximate time when the negotiations will be finalized?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: It depends when I can get permission to leave the House, Mr. Speaker.

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

MR. SPEAKER: A supplementary.

MP. NEARY: Would the hon. the Premier tell the House if DPEE has a plan ready to implement on the North side of the Argentinia Naval Station if and when the property is turned over to the Province?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Partially, Mr. Speaker.

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

MR. SPEAKER: A final supplementary.

MR. NEARY: Would the Minister of Fisheries tell the House if anything has been done about the excellent refrigeration facilities at Argentinia? The minister was talking about some time ago about using it for storing fish for a distribution centre and so forth. Has anything been done about these facilities?

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, we have had an engineering firm take a look

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MR. W. CARTER: at the buildings and just find out to advise government as to if they can be rehabilitated, if the cold storage capabilities there could be rehabilitated. That report has

MR. W. CARTER: not being completed yet.

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

MR. SIMMONS: Mr. Speaker, a question for my friend the Minister of Education. He indicated earlier that there would be a start made on the Polytechnical this year, can he now indicate whether the design of the building or buildings is completed and when tenders will be called on the new Polytechnical?

MR. SPEAKER: The hon Minister of Education.

MR. HOUSE: Mr. Speaker, there is an allocation in the budget for a start this year. I indicated when we were presenting the bill that we would not be able to make any definitive decision until we had our negotiations with DREE people. That has been in process and progress now and I cannot be definite about whether it will start in the next month or two but we are hopeful something will be got going this year.

MR. SIMMONS: A supplementary.

MR. SPEAKER: A supplementary.

MR. SIMMONS: Mr. Speaker, when the minister says there is money in the budget or a vote in the budget for a start, does he mean a design start or is he talking of an actual start in construction this year?

MR. SPEAKER: The Minister of Education.

MR. HOUSE: Mr. Speaker, the design has been completed and most of the preliminary plans have been drawn up. We have contemplated a physical start this year, but as I say we cannot be definitive about it until we see what input we are going to get from DREE people. They may want some changes and that may necessitate further design or a different design but we hope it would not be much different from what we have planned now.

MR. SIMMONS: A supplementary.

MR. SPEAKER: A supplementary.

MR. SIMMONS: Mr. Speaker, the minister's references to DREE, are we to understand from that that the negotiations with DREE

MR. SIMMONS: have to do with a final determination of what the facility will include or is it negotiation to do with possible financial involvement? Perhaps I could put it another way; does the government at this time have a firm commitment from DREE as to the nature of its involvement in the project or is the negotiation aimed at getting such a commitment?

MR. HOUSE: It is aimed at getting some input into the actual construction costs and of course when we presented our package - and that was the whole idea of getting the bill through early enough before we presented the package - we sent along definite plans and obviously if they are going to have an input they may want some changes, so this is in the process of negotiations now and I cannot comment any further on it.

MR. SIMMONS: A supplementary.

MR. SPEAKER: A final supplementary, the hon. member for Burgeo-Bay D'Espoir, then the hon member for St. Georges.

MR. SIMMONS: Mr. Speaker, one is tempted to say it sounds like the same old trick where they announce and then go looking for money after. Mr. Speaker, my supplementary; is the minister indicating or is he prepared to indicate that whether or not the project gets underway this year will depend on whether or not funds are receivable from DREE?

MR. HOUSE: The hon minister.

MR. HOUSE: Mr. Speaker, when we are negotiating for something of that nature I think it would be wrong and perhaps a little premature for me to indicate what we are going to do if they do not come across. So we would have to await their decision before I can make a statement to that affect.

MR. SIMMONS: But it will not go ahead if you do not get the money from DREE.

MR. SPEAKER: Hon. member for St. Georges.

MRS MacISAAC: This if for the Premier. With respect to the severance pay announced for the employees of Labrador Linerboard, I wonder if the Premier could tell us how many people will be involved and how many will qualify for the severance pay?

PREMIER MOORES:

Mr. Speaker, no I cannot at this time. What I can do for the hon. member for St. Georges is as soon as the detail has been worked out to let her know. My understanding on it is that any person who is there at the time of completion gets a certain amount, and any person who leaves before that gets a certain amount and so on. But what I can do is get the Minister of Manpower and the Minister of Finance who have been involved to fully advise the hon. member for St. Georges.

MRS MacISAAC: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MRS. MACISAAC: I wonder if the Premier would attempt to find out what classes of people would qualify, what type of jobs?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Yes, Mr. Speaker, I will.

MR. CALLAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for Bellevue.

MR. CALLAN: Mr. Speaker, I wonder if the Premier could explain why the fifty-odd workers at the Come By Chance Refinery have not yet received their severance pay?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: If the hon. member could give us a list, Mr. Speaker. He is very late in doing so if he knew about it before now.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, my question for the Minister of Municipal Affairs and Housing, Sir. There are three water and sewer projects now left high and dry, one in Pouch Cove, one in Torbay and one in Placentia where the bond holders have been called in because of lack of performance or bankruptcy. In the case of the Placentia water and sewer system that so far has cost over \$1.5 million and no houses are hooked up, will the minister indicate to the House when work is going to be resumed on this project?

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

MR. DINN: Mr. Speaker, it is very difficult to answer that question. The funds have been put in place in Placentia. All the funds, as I understand it, have been spent. There are no services provided to the people and, as I understand it, I do not know if it is right now or not, but as I understand it the lawyer is preparing to, I think it is Mr. P.J. Lewis, is preparing to serve writs on the contractor and I believe the consultant.

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

MR. SPEAKER: A supplementary.

MR. NEARY: After three years, Sir, there has not been one house connected in Placentia. Would the minister tell the House why it is so difficult and why it takes so long to get the bond holders to perform after a company has either withdrawn, been kicked out because of lack of performance, or gone into bankruptcy? Why does it take so long to call on the bond holders to finish the work?

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

MR. DINN: Mr. Speaker, I have no idea of why it takes so long. I do know that they intend in some cases to contest the calling of the bond and whether they are obligated to perform or not and they want it settled by the courts and to this point in time, in the case of Placentia, there has been no writs issued on either the bonding company, the contractor, or the consultant.

MR. NEARY: A supplementary.

MR. SPEAKER: The hon. member for LaPoile, a supplementary.

MR. NEARY: Why steps has the minister taken to protect the public treasury in cases like this? Does the minister's department play any role in providing assistance to the municipalities who become involved in long legal battles in the courts over these matter.

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

MR. DINN: Mr. Speaker, it is very difficult, as the hon. member well knows, to interfere into what happens between a municipality and a contractor or a bonding company or someone else, for an outside agent to interfere.

MR. NEARY: But it is public money. It is the government that is putting up the money.

MR. DINN: The money in the case of Placentia, Mr. Speaker, as I have already indicated to the hon. member, is spent.

MR. NEARY: No, it is not.

MR. DINN: No services installed.

MR. NEARY: No, the work has not been completed.

ORDERS OF THE DAY:

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: What are we on, Mr. Speaker?

MR. SPEAKER: No order has been called yet.

MR. NEARY: Well, Mr. Speaker, I move the House, adjourn,
Sir, until three o'clock this afternoon.

MR. PECKFORD: Motion six.

MR. SPEAKER: That is the order, is it?

MR. MCNEIL: Mr. Speaker, before I get -

MR. SPEAKER: Order, please! I cannot put the hon. gentleman's motion. there is no seconder, and subsequently another motion has been called which is motion six. Before recognizing the hon. member for Stephenville (Mr. McNeil), I will point out that a matter was raised earlier by the hon. member for LaPoile (Mr. Neary). He made a motion which I did not accept, one of impeachment. At the time I was unable to cite an authority, I did not wish to adjourn the House, but I have identified an authority which I should give in citation as to my ruling.

May, page 66, "Impeachment by the Commons for high crimes and misdemeanors beyond the reach of the law, for which no authority in the state will prosecute, might still be regarded as an ultimate safeguard of public liberty though it has not been employed since the beginning of the nineteenth century." The last impeachment, according to May, was in 1806. And he concludes by saying that, "By the law of Parliament, all persons, whether peers or commoners, may be impeached for any crimes whatever although impeachments have generally been reserved for extraordinary crimes and extraordinary offenders." But I would not think the hon. Premier's momentary absence would have been an extraordinary crime.

MR. NEARY: Absenteeism, gross neglect and mismanagement.

MR. SPEAKER: The hon. member for Stephenville.

MR. W. MCNEIL: Mr. Speaker, before I get into my speech I would like to move an amendment, it is to be seconded by my hon. colleague from Port au Port (Mr. Hodder), to strike out the words after "resolved that" and to replace them with the following: "This House affirms its faith in the future of Labrador Linerboard Limited and records its belief that there is no justification for closing the mill now, and that it ought not to close, not ought, excuse me, ought not to be closed by the government." There are extra copies here.

MR. SPEAKER: It has been moved by the hon. member for Stephenville, seconded by the hon. member for Port au Port (Mr. Hodder) to strike out all of the words after "resolved that", and to replace them with the following: "This House affirms its faith in the future of the Labrador Linerboard Limited and records its belief that there is no justification for closing the mill now, and it ought not to be closed by the government."

The hon. member for Stephenville.

MR. MCNEIL: I thank you, Mr. Speaker.

Mr. Speaker, as the amendment reads, we feel that Labrador Linerboard should not close and that the government has not acted in the best interest of our Newfoundland people. The government set up an Advisory Board which was given the task to look into all aspects of the operation and advise the government on their findings. They were given in the terms of reference between four and six months.

In the last six months in Stephenville, with the appointment of the new manager, Mr. Sweeney, there has been a air of optimism; finally the people began to believe that Labrador Linerboard for the first time ever could be turned around. The Advisory Board put forward recommendations, its new president gave

Mr. McNeil:

a new life into the area. The top management, the workers and even the town's people themselves thought, and still do today, that Labrador Linerboard can be turned around and made into a viable operation. But they did not expect that our Newfoundland government would turn their backs on them. The least they expected was that our government would turn their backs on them when they needed them most. The people in Bay St. George have been sold for a few pieces of silver by our Moores P.C. Government. They are more concerned for trying to balance their books than looking at the welfare of our people, when the facts are pointing that Labrador Linerboard can possibly be turned around. This is coming from people from the Advisory Board who are suppose to be experts in their field. They are not politicians, they are businessmen.

Now when you look at the Advisory Board group, the Advisory Board group as set up, the Chairman is Mr. Tittlemore, President of Price. Other members of the Board would be Mr. Bennett, the President of the Iron Ore Company of Canada, a respected Canadian businessman, another man would be John Andrews, Executive Vice-President of Consolidated Bathurst, a respected Canadian businessmen, Jack Sheeley, President of Bowaters Canada, a respected Canadian businessmen, Lewis Ayre, Chairman of Ayres Limited, a well known and respected Newfoundlander, and a businessman, Ford Hewlett, President and General Manager of Hewlett's Sons Limited, again a respected businessman; and then we have a secretary, Rollie Martin, Deputy Minister of Finance.

On May 7 we see in the Financial Post a statement by the President of Labrador Linerboard, the new President, Mr. Sweeny, was only on loan to our Province with a group of fine businessmen trying to find solutions to our problem in an industry which we in this House, no one here has any bad knowledge of the industry, and which we in this House should rely on them for their information

MR. MCNEIL: and advice. What do we do? We ignored their reports. The President of the Mill, Mr. Sweeney, headlines, "Labrador Linerboard's Boss Fighting Mad About Closure." And then we have in the preliminary report, the Advisory Board Committee, recommendations from the board to close down, so we are told by our government. But when I looked through this little brief, I do not see it in print where they recommended the closing down of Labrador Linerboard. They say, "Under present conditions." And also in another report, the alternative products report, they advise the government that in three years it can be turned around if you spend \$12.3 million in capital expenditure, to improve the operations, to get down your fixed cost.

Mr. Speaker, our government has not only turned their backs on the Bay St. George people and the people in Newfoundland as a whole, they have told respected businessmen of Canada, "We do not need your advice, your solid business advice. We just want you to get before us so you can be a smoke screen, so you will keep the political pressures off of us, keep the people off of our backs. That is why you set up the Advisory Board. You used these people as puppets.

About a month ago I went to Mr. Sweeney's office and I must say he is a very fine, respected man and always defending the government, which he should. He did state -

MR. SPEAKER (MR. YOUNG): I wonder would the hon. member yield?

MR. MCNEIL: Yes. Yes.

MR. SPEAKER (MR. YOUNG): I welcome to the galleries on behalf of all the members of the House of Assembly forty-nine students from Eastport Central High School in Eastport, from grades eight and nine, accompanied by their teachers, Mr. Boyd Glover, Mr. Major, and Miss Grant I trust your stay will be enjoyable.

SOME HON. MEMBERS: Hear! Hear!

MR. STRACHAN: Mr. Speaker, I just want to have a quorum.

MR. SPEAKER (MR. YOUNG): A quorum call.

We have a quorum.

MR. SPEAKER: The hon member for Stephenville.

AN HON. MEMBER: People on TV cannot -

(Inaudible)

MR. McNEIL: I am not interested in getting on TV, I would like to impress the importance on this House, who are supposed to be running the Province, the importance of trying to keep Labrador Linerboard operating, not have another failure, What are we in Newfoundland going to become, an industrial junkyard in the eyes of the world?

Mr. Speaker, I mentioned earlier that I was speaking to Mr. Sweeney about one month back and I asked him, I asked him why did he come to Newfoundland, why did he take the challenge set before him, did he really believe in his heart that the government would listen to him and listen to him and his board? And he said he is here for one reason, to make the mill operate, and he believes it can operate and he believed that the government would listen to him and listen to his Advisory Board.

But I doubt very much if even our government has even read the reports. From the information that is coming back, so far I have not seen any of it, there are a couple of little reports that were tabled in the House but they say very little, it is what they do not say is the thing that amazes me, and that maybe Mr. Sweeney is right, maybe our bureaucrats are misleading our hon. members, maybe the problem lies with the bureaucrats in that Linerboard was scheduled to close down two years ago.

Mr. Speaker, going back two years ago and in the understanding of the marketplace and our high cost of wood and of the government close at that time, maybe we would have said there is no way that it can ever make money, there is no way that it will even break even on its operating expenses. But in the last six months we have seen in Stephenville, mostly because of the efforts of one man, that he has brought a little bit of hope to an industry that is one of Canada's best.

MR. SMALLWOOD: And if he had been there from the beginning of

MR. SMALLWOOD: operations it would be a different story.

MR. McNEIL: He did say, he says he is sorry that he did not come about a year earlier, it may not be running now as a - and making money, but it would not have all the massive problems that it has. It is one mistake after another, built upon one bang, bang right after another, mistake after mistake.

But let us take a look at the total problem. Going back from day one the major problem that was cited, the single most expensive in regards to losses, was our wood. I will go back to the man of that time, the Chairman of the Board, Mr. Crosbie, and I will just read a little part of Hansard, I quote "When I spoke in the House in 1972 -1973 in detail on Labrador Linerboard I said then and I say now-

MR. SMALLWOOD: Whose words are these?

MR. McNEIL: John Crosbies, these are John Crosbie's words. "I said then and I say now it can never be economically feasible and I said then and I say now that will always cost, it will always have to be assisted by the people of the Province through the government if it is to continue in operation because it got the most abominable wood cost of any mill anywhere in the world"

Now we all realize there is a great wood cost.

MR. MCNEIL: Well we all hear about the US, Southern mills, they have cheap wood. True, they have cheap wood but they have problems in wood as well.

MR. MORGAN: No, cheaper labour.

MR. MCNEIL: I would like to just quote a remarks from a Mr. Stanford Smith, a US giant in the paper industry. "In their cautious and skeptical moods the industry managers must cripple with a new set of long term uncertainties as well. One of the largest of those has to do with the availability of the industry's raw materials. Once you could put a pin anywhere on the map in the South, build a mill there and people would just come out of the woods with wood," says IP's Stanford Smith. "No more," he added, "Timber is getting to be in short supply around the world. Even Sweden has begun importing wood chips from the US to feed its paper mills and harvesting regulations seem likely to get tougher on federal lands."

MR. SMALLWOOD: Wood chips from the US to Sweden?

MR. MCNEIL: Right.

MR. SMALLWOOD: Across the Atlantic.

MR. MCNEIL: Across the Atlantic. And we cannot even bring it from our Island to our own mill. We are sitting in the midst of it and we cannot get our industry off the ground.

Mr. Speaker, the Chairman of the Canadian Pulp and Paper Association in a little bulletin states, "It is fair to state that there is good evidence that Canadian costs are lower than Scandanavian costs and higher than American costs. Scandanavians have similar employment costs, much more expensive wood costs but some advantage in transportation and their capital costs are comparable."

Checking across in the Canadian industry itself I have called several mills across Canada and they tell me that when your wood cost per cord goes over \$75 in the year 1976-77 then you are going

MR. MCNEIL: to have problems in the market place. The closer you are to the \$50 level, as a low and high, then you are going to be more competitive. So if we are going to supply wood to Labrador Linerboard as our Advisory Board has reported, at about \$60 a cord on an average or possibly a little lower, then why can we not make a success of the industry?

Our wood costs was a problem and now we are starting to see a little bit of light. And our government in their wisdom wants to close up the operation. Why? Maybe it is the lack of wisdom?

MR. SMALLWOOD: Practically all of the paper mills in England are based on wood that they have to import.

MR. MCNEIL: That is true. And another thing that my hon. colleague from Twillingate (Mr. Smallwood) has mentioned, that mostly all the mills in England are based on wood that they have to import and we -

MR. SMALLWOOD: From Russia, from Finland.

MR. MCNEIL: And we in Newfoundland are sitting in the midst of forests, one of our primary resource, our natural base resources, and we cannot make a success of it. What chance do we have in anything else? Are we all going to go out picking blueberries for a living? Is this why we have the people up in the galleries, the leaders of tomorrow, the people of tomorrow? Are we going to tell them that you are going to be reduced to be berry pickers? Mr. Speaker, there will not be enough blueberries to cover the massive unemployment that we are heading for.

In 1973 we had a report on the Newfoundland Federal-Provincial Task Force on forestry. In 1973 it was pointed out that if Labrador Linerboard was going to be a viable operation it had to realign its forest concessions. There is enough wood on the Island to sustain three mills. It was pointed out then to the government that something had to be done. What did our government do? They sat on it. They did not do a thing, a do-nothing government. There is no doubt about it, Tory times are hard times. Why? Because they do nothing.

MR. MCNEIL: It also spoke in this report about marketing. It stated that an aggressive marketing campaign aimed particularly at the European market, must be started now. And what did we do? We turned around and gave the marketing of our product to a US firm, a peanut operation who never sold Linerboard before.

MR. SMALLWOOD: Or anything else.

MR. MCNEIL: Well I do not know what else they sold.

MR. SMALLWOOD: No. They were formed to sell this. They have never sold anything.

MR. MCNEIL: Our Newfoundland Government, we make millionaires of people from outside. Maybe we should be telling our people not to elect our own people as politicians to come into this House and direct the affairs of our Province, maybe we should be telling them, "Go down to Wall Street and elect your members, because they control this Province." It is not us here in the House.

Another example of how the people in the Bay St. George area have been treated with regard to the Newfoundland people itself; during the past months we had the Harmon Corporation - or the Newfoundland and Labrado Housing Corporation had a rent increase. The people in that area, because of the uncertainty in the area, asked to meet with their Minister of Housing, He did go out.

MR. DINN: Their member did not show up.

MR. MCNEIL: I am talking about the tenants now.

MR. DINN: Yes. The member was not there.

MR. MCNEIL: The member was not invited. The member was here in St. John's at the time.

MR. NEARY: He did not even invite you?

MR. MCNEIL: Oh do not you worry. They keep me well informed. Do not worry.

But what did the minister do? The minister told the executive, "If you do not like it, get out." Now that is what he told the people of Bay St. George when he knew or had an idea

MR. MCNEIL: that Labrador Linerboard was in a very bad situation and possibly the closure was just around the corner.

Now, Mr. Speaker, if you are living into an area - now I grew up in Stephenville and I have went through the closure of the Harmon Base. Now we lived with that from day one, that someday it would go. And that feeling still went even when Labrador Linerboard was put there and people said from day one that it was a bad move, the location was wrong, and that is the only argument they had, the location is wrong. But you can take wood from here in Newfoundland or from Canada and you can ship it to Europe for their mills and we say here, we have got wood on the Island and because the mill is in Stephenville the location is wrong.

Now, Mr. Speaker, I can buy an argument but when you take your raw resource from one country into another, and within your own Province you cannot take that raw resource and put it to a location a little further away than the normal and cannot make a success of it when you have all the infrastructure there and cannot make a success of it, where is the problem? And I have got to say and I can feel in my heart that it has to be our government do not care about the people they serve.

Mr. Speaker, in 1966 the Base moved. People had a little bit of property they invested in. Costs were down, we did not hit the inflation period. People left their homes. boarded them up and walked away from them. Today it is a different situation. Today the people who have homes in the Stephenville area have mortgages, high mortgages; If the bank wants to move in they will lose everything, and they do not only lose their material possession that they have, they lose something else that they value, their credit, their stature in the financial circles. You are tearing the heart and soul right out of the people themselves; they have no dignity.

May 10, 1977

Tape No. 2447

NM - 3

MR. MCNEIL: Mr. Speaker, during the past year, two years, Stephenville has been dying while our government sits back and they tell us, "We do not want to hold out any false hope to you. We want to tell you the facts as they are." Mr. Speaker, how much information has come forward?

Mr. McNeil: I am the same member for the district, and every scrap of information that I have I had to get it through some devious means, for the betterment of my people. I have gone to the government for information, we have set up the joint councils, a committee, we requested information from them, and they keep putting us off. So finally they set up this Advisory Board. And with the Advisory Board, we looked at it, we had our doubts in some areas, we did not believe that the government would listen to the Advisory Board. And now today it has proven when you have your president of that company, the president of the company and the key man dealing with the Advisory Board, the Advisory Board has to go back to him for -mostly all of the information, and that is where the information is, out in the Stephenville area. It is not here in this House. The bureaucrats downstairs can turn their figures around any way to suit themselves. And when you get the management people in the six month period taking an industry which had a capacity of 1,000 tons, and the day before our Budget Speech produce 1,200 tons, broke their own record, and go back to about a year before -

MR. SMALLWOOD: Twelve hundred.

MR. MCNEIL: Twelve hundred tons -

MR. SMALLWOOD: Two hundred over the -

MR. MCNEIL: Two hundred over the capacity that it was originally designed for, and she cannot operate!

Do you realize, Mr. Speaker, that when you produce at that high rate, and this is people in the industry that tell me, that you are saving yourself anywhere from \$20 to \$30 per ton, and our government wants to close it up! They want to walk away. The people of Newfoundland should demand that the Moores Government resign. But very few people, very few people realize the seriousness of this. One of our industries was based on a natural resource, and we cannot get off the ground with it.

MR. MORGAN: Fifty-four million dollars, the taxpayers of the Province knows

MR. MCNEIL: Mr. Speaker -

SOME HON. MEMBERS: Oh, oh!

MR. MCNEIL: Mr. Speaker -

MR. SPEAKER (Mr. YOUNG): Order, please!

MR. MCNEIL: Mr. Speaker, if we cannot get off the ground with a resource based industry, what chance do we have for the fishery industry getting off the ground? They are much the same. We got the wood here, the wood is a resource that continues, it will be here a thousand years from now if the spruce budworm do not get it.

AN HON. MEMBER: And it is properly managed.

MR. MCNEIL: And it is properly managed.

But our oil, our oil which we are putting the hope on, this oil around our banks, how long does that last?

MR. J. WINSOR: It is not found yet.

MR. MCNEIL: And it is not found yet. But after about twenty years after it will be gone.

Mr. Speaker -

MR. NOLAN: A point of order, if I am allowed.

Mr. Speaker, I rise on a point of order because the hon. member who no one can charge is taking up the time of this House in any foolishness in all the time he has been here is now attempting to make a speech on his district, which is very important not only to the people in the St. George's area but also to this Province. And surely, Mr. Speaker, it is not too much to ask that at least he be given this one opportunity to be heard in silence.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (MR. YOUNG): To that point of order, I would like to ask members on both sides of the House that a member has every right to be heard in silence. I would ask you to adhere to that ruling.

The hon. member for Stephenville.

MR. MCNEIL: Thank you, Mr. Speaker.

AN HON. MEMBER: A good ruling.

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: Mr. Speaker, if the hon. Minister of Transportation could keep our highways in a good condition in the same manner that he can wave his tongue about we would have a pretty good highway.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: This is not personal! This is not personal!

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (MR. YOUNG): Order, please!

MR. MORGAN: Keep it up, too.

MR. SPEAKER (MR. YOUNG): Order, please!

MR. MCNEIL: Mr. Speaker, if I may just for a moment just go back to the past year in Stephenville. Like I said before, the community is dying, and we have been going through this in the past two years, and very few people have been realizing - the people themselves in the community have a lot of optimism, a lot of hope, and you try to realize,

MR. McNEIL: where did they get it from? They have been down so many times and still they keep fighting back, but the fight is getting weaker and weaker. And, Mr. Speaker, that is going to spread right across our Island, because in this Province in the last five years, we have had failure after failure after failure. Now, why? Now in Stephenville itself, if you look at the population, it is a young town dealing - yes, it is probably the best time that you could take and have a sample of your younger population. Over half your population is under the age of twenty-five. That is your hope for tomorrow. And if Stephenville fails, if our government crushes the spirit of these people, what hope do we have for the rest of Newfoundland? And when you take an industry like Linerboard where it deals with so much of the forest based industry and you use even the multiplier effect on jobs, which few people do not want to use because they say it is not right, and when Statistics Canada uses the figures, and they give for a linerboard industry three to one, and you look at the wage salaries in the vicinity of \$20 million and you give it a three to one multiplier effect that would be \$60 million that you are taking out of circulation in Newfoundland. \$60 million.

MR. SMALLWOOD: A year?

MR. McNEIL: A year. So, Mr. Speaker -

MR. SMALLWOOD: Over and above the wage bill of the factory itself?

MR. McNEIL: That is right.

MR. SMALLWOOD: That is about \$80 million.

MR. McNEIL: So, Mr. Speaker, the situation that we are into is very serious. I do not think - well, I think it is just as serious as maybe 1920 to 1932 -

AN HON. MEMBER: 1932 -

MR. McNEIL: 1932 - 1933?

AN HON. MEMBER: That is right.

MR. McNEIL: Well, let me just go back to the wood again.

In the Advisory Report - the information memorandum, the government has determined that on-Island wood resources are sufficient to meet the requirements of all industrial enterprises in the Province.

MR. SMALLWOOD: Three mills.

MR. McNEIL: Three mills.

MR. McNEIL: But now I am told - and some of the work of the Advisory Board - that in order to make sure that they can get an economic wood supply, they have gone outside our Province and are going to possibly buy some of the wood from Nova Scotia, P.E.I. - infested wood - as budworm infested wood. And here we are in this Province when we have our forests being infested with our budworm - being infested and causing a potential threat, not only to Labrador Linerboard, because we are told we cannot have any of our Island wood, but it is posing a threat to Bowaters and Price and possibly in a few years, will destroy our whole forests. And here we are - we are ignoring this, rather than trying to harvest this infested wood with all three mills getting together jointly and splitting the cost however low or high it is, because you are dealing with the future. You must consider the future of the forests. And if you do not do something now with this infested wood, in ten, twenty years you will have no forests at all. So that means that Bowaters, Price will close as well, because your raw resource is not there. Why? Because of inactivity of our Moores P.C. Government.

Mr. Speaker, we have heard a lot about the losses of Labrador Linerboard. We are told time and time again that it can not meet its operating expenses and it will never meet its operating expenses. But if you look at one of the tables in the report, and this is one of the reports done by the Advisory Board Committee, an alternate products lines committee, in one of the tables it speaks - I am

MR. MCNEIL: using the government figures as well. it gives the cost per year, or the number of tons and the mill net sales. So in the year 1977-78 they have a production of 166,500 tons selling at \$188, net sale price. So if you work it out your actual loss per ton on operating, only operating itself now, is \$88.87, that is in 1977-78. But if you move on -

MR. SMALLWOOD: Move then to what price?

MR. MCNEIL: Well this is their projected figures at the current prices.

MR. SMALLWOOD: At what cost? Wood at what cost?

MR. MCNEIL: I am not really sure. I think it is - wait now.

MR. SMALLWOOD: Maybe over \$100.

MR. MCNEIL: \$128 per ton.

MR. SMALLWOOD: A ton?

MR. MCNEIL: Two cords of wood so roughly, yes. Okay?

But if we move on-and no capital expenditure made in the plant itself. So we move on to the year 1978-79, taking the projected sales volume of 288,000 tons, selling mill net at \$230 per ton, you come down to actual operating loss per ton for 1978-79 of \$24.56. All right? Actual operating loss per ton. And then if you move to 1979-80, at a projected sale volume of 265,000 tons and selling at \$268 per ton. mill nets, and that will be with wood cost of \$68.87 per cord, you will get a profit, or shall we say a gain on your operating expenses of \$6.04, that is for 1979-80, a gain in your operating expense, Mr. Speaker. And here we are knowing these figures, and the government has them but they are not saying a thing about them, they are giving just one side of the coin, telling the people what it is going to cost each man and woman and child in this Province, what it is going to cost to keep Labrador Linerboard open.

MR. MCNEIL: Why did the government not tell them how much it was going to cost to close? The cost of closing is greater than the cost of keeping it operating. The Advisory Board Committee in their alternate line product has suggested that within three years that operation can be turned around. But no, Mr. Speaker, our government does not want to listen to experts in the field, people, businessmen who ran the industry itself, who spent all their life, the President thirty-five years in the industry, and then our Premier states that he got a little carried away. Dear God, could our Premier not get carried away and try to fight for us so that we could be a have province, not a have-not!

SOME HON. MEMBERS: Hear! Hear!

MR. MCNEIL: Our government is not interested in human lives. They are not interested in we as people. Why are you in government if you are not interested in people? If you are interested in figures why did you not stay in the Finance Department or go in business totally? People in business are more concerned with figures but oddly enough you know they are more human than our politicians. Our politicians are supposed to be sensitive to the needs of the people. They are supposed to have an understanding. But our government is not. They tell us we are gone. We are finished. Dig a grave. Our government are not builders of our Province. They are undertakers.

AN HON. MEMBER: Hear! Hear! Destroyers.

MR. MCNEIL: Destroyers. You can say that again.

Capital improvements - this is a report. Now I guess it does not mean much to our government.

MR. McNEIL: They are not concerned with information they are getting from the people in the industry, businessmen. They will take their advice from their bureaucrats first before they will deal with people who have been all their lives in the industry itself. "Capital requirements: in all of the cases listed above it is considered essential to take full advantage of cost saving potentials inherent in the craft process and primarily associated with raw materials, supply and energy, these being a series of smaller increment investments they relate to any of the three options utilized in the modern craft pulping facilities already in place."

"It seems obvious that if the mill is to continue to operate that most of these capital expenditures must be undertaken as soon as possible to maximize the return and put the operations in a more viable position, quickly to improve its competitiveness before underforecast linerboard markets price volume improvements in 1978, 1977-1978 and the following year, these improvements are summarized in a preliminary way in comparison reports which indicate that the return on a modest capital expenditure programme \$12.3 million undertaken over the next three years can make Labrador Linerboard profitable at an operating level in that time frame even under the budget most likely prices and volumes. It suggests certainly that if the programme is pursued energetically the Crown could in fact retire all bonded debts from the proceeds to 1984 without the expenditure required to change product line."

They are telling us, Mr. Speaker, that we do not have to change to another product, that linerboard itself - the markets are improving that there is a hope in staying with Linerboard and that if you want to get your fixed cost down you do a three year capital expenditure programme in the amount of \$12.3 million, it will not only pay for itself over these three years but it will probably start servicing the debt.

MR. McNEIL: Now that is unbelievable! It goes on also, "We are not yet ready to abandon Linerboard as a potentially profitable product." This is your Advisory Board saying that they are not going to abandon it and our government has given up and, Mr. Speaker, they have given up and do you know that they have not received all the reports from the Advisory Board, they have not received the final report they have made their decision and the decision is a grave one which will affect not us now today but ten or twenty years down the line, that our Province if we close up that industry - that our children will have to pay in the vicinity - or our Province will pay about three quarters of a billion dollars. Mr. Speaker, that is not peanuts!

Mr. Speaker, as I see it, and I am no expert in the field but I have been close to the situation, I have watched it, I have seen the past year - in Stephenville itself, I have seen mismanagement when workers come to you and tell you through their union - or go to their union and ask their union to go management and ask management to tighten up - it has to be a desperate situation. But the problem did not all lie with management itself. The problem there was political interference - political interference, Mr. Speaker, management could not manage. Every time management made a decision in some particular aspect they had to go back to the Cabinet or to the Chairman of the Board, Mr. Crosbie, who has no experience in the paper industry but still he is the one who makes the final decisions.

So actually what do we have in management itself? Maybe they are just all civil servants.

Mr. McNeil: Mr. Speaker, to just cite you an example of politically interference, now the financial statements, and they are open to anybody, they show that even though the market was forecast for a poor year in linerboard, that the industry was falling, that the bottom fell out of it, and it is still dropping a bit, this was going on in the last year, and our management people were suggesting that we got to cut back our inventories because we have to keep ourself in tune with the market as the trend goes, and we were dropping. What were we doing? Ten million dollars more in inventory in sales volume. Now that is in the financial statements, \$10 million more in volume.

Now, Mr. Speaker, this was pointed out to the government. And to give you an example of the seriousness of the inventory situation, inventory in 1972-1973, finished goods, was \$1,581,000 -

MR. SMALLWOOD: Dollars?

MR. MCNEIL: Dollars, yes. Inventory in 1973-1974, \$4,615,000; in 1974-1975, finished goods, \$4,629,000; in 1975-1976 we have our inventory, unfinished goods, going up to \$5,747,000.

MR. SMALLWOOD: That is paper, linerboard paper?

MR. MCNEIL: Finished goods.

MR. SMALLWOOD: Ready for market?

MR. MCNEIL: Right ready for market. All right. Pulpwood chips etc. 1972-1973, \$13,348,000; 1973-1974 \$12,933,000; in 1974-1975 \$18,811,000; in 1975-1976 wood chips, pulpwood and your chips inventory, 1975-1976 - we were told that the bottom had fell out of the market. Our wood inventory was \$24,619,000. Operating and maintenance supplies, in 1972-1973, \$3,074,000; in 1974-1975 \$4,500,000; in 1974-1975 \$9,927,000 -

MR. SMALLWOOD: For what?

MR. MCNEIL: This is operating and maintenance supplies.

MR. SMALLWOOD: Supplies?

MR. MCNEIL: Maintenance supplies. In 1975-1976, \$13,256,000.

Now we were all told -

MR. SMALLWOOD: Who were the suppliers?

MR. MCNEIL: Now that is a good question. We were all told that the bottom had fallen out of the industry. The management recommended a cutback on inventory.

MR. SMALLWOOD: So they stock up on more wood, on more supplies as the market went down.

MR. MCNEIL: As the market went down.

MR. SMALLWOOD: Good marketing.

MR. MCNEIL: So if you total all of these up in 1972 and 1973 you had \$18,300,000; 1974-1975 was \$22,048,000; 1974-1975, \$33,367,000; 1975-1976, \$43,622,000.

AN HON. MEMBER: In dollars?

MR. MCNEIL: Well this is the total now, your finished goods, pulpwood, chips, operating and maintenance supplies, an increase from 1972 to 1975-1976 when the bottom was out of the industry and in which the government was told, the management suggested that it should cut back, an increase of 240 per cent, and then the government says, we did not interfere into the operation. We did not interfere we have been trying to encourage it. But management asked government to cut back. We said we have cut back for our survival or we cannot make it.

What did the government do?

AN HON. MEMBER: Inaudible.

MR. MCNEIL: This is all of inventory.

MR. SMALLWOOD: He worked with John Crosbie.

MR. MCNEIL: Now, Mr. Speaker, I am going to give you an example of - now I know that the hon. gentleman do not say, Well that is only the Opposition member being negative, trying to tear the government apart, our good

MR. McNEIL: government who are giving a little bit of hope to our Newfoundland people. Mr. Speaker, business people recommended to the government that if you are going to be in this industry when the market goes down - now your sales volume is down, you have got to cut your inventory back a bit, you have got to try and balance the two. When your market is booming, pull in the inventory and you will not be able to get it out. You have to keep it rolling. Anything that is sitting there is costing you money.

Now, Mr. Speaker, realizing the situation with inventory realizing that the management people went to their Board of Directors, and the Board of Directors I imagine got around the Cabinet table or went back to Cabinet and said "Because the market is bad we have to cut back, because the market is bad we have to try to bring our operating expenses down and in line so that we do not have such a great loss!" And when you read other material from other companies in the world, they tell you that when the market is bad you have to cut back and that is why you have so much down time, and that is why the industries say that when the market is bad you do not keep producing at a fifty per cent rate because you are losing money. Any time your plant is working less than at seventy per cent you are losing an arm and a leg; you have to keep producing at a high ratio if you want to make the gravy.

And when your mill in Stephenville has proven itself whereby it not only exceeded its capacity, and not only met its capacity of 1000 tons a day, it has gone over it to 1200 tons it can produce, so the problem, Mr. Speaker, is not in the plant, it is not with the workers or the group of management people, the problem, Mr. Speaker, is political interference in business decisions which have to be sometimes very cold. But our government want to be politicians, they want to be great business people, they want to be saviours, And what are they? Undertakers. And this is a memorandum to the executive council, this was in 1976, "In March of this year, the company

MR. McNEIL: presented a budget to the Board of Directors which showed a need for 343,000 cords of wood this year. The market situation has not picked up as has been earlier anticipated and the mill nets for Linerboard have actually decreased over the last couple of months resulting in even less sales than had been earlier projected. Our higher manufacturing cost means that we must seek our higher mill nets, which in effect make it more difficult to sell Linerboard. As a result our wood requirements for this year will only be 282,700 cords, or a decrease of 60,300 cords."

"By curtailing the company's operations and receiving some wood from Bowaters, the net effect on purchased wood would be a reduction of 46,500 cords. If Labrador Linerboard carries out its proposed reductions in wood purchase to reflect the necessary adjustments for sales it will have to advise our wood suppliers to reduce their deliveries to the mill by 40.9 per cent across the board." reduce alright! We will have to reduce 40.9 per cent across the board!

"During the first month of the strike the company continued to purchase pulpwood since they did not know how long the strike would last. - As it became evident that the strike would continue for some time the company had to cut off the same suppliers of wood approximately two and one half months already this calendar year. During the time deliveries of pulpwood were suspended,

MR. MCNEIL: many of the suppliers came very close to bankruptcy. Some of them have not recovered fully and are still having difficulty in meeting their financial commitments. We are now faced with the position of having to go back to the same suppliers who have not fully recovered and inform them that they will have to cut back on their deliveries to the mill by 40.9 per cent."

"Our officials inform us that should this eventually materialize the majority of these suppliers will be forced into bankruptcy." Now why? Why, Mr. Speaker, would they be forced into bankruptcy? Were they small operations that just started off and dependent on contract? Were these contractors mostly supporters of the P.C. Party? This is where the political hogwash comes in.

MR. MURPHY: Would the hon. gentleman? You referred to a site, where was this particular site at the Linerboard itself?

MR. MCNEIL: Yes.

MR. MURPHY: Oh, I see. This was in the mill itself, not in the logging industry end of it. I see.

MR. MCNEIL: On the other hand, the company has done everything possible short of buying the extra wood and stuff, piling it to ensure the suppliers of pulpwood are looked after. The company has curtailed its whole operations resulting in 250 men in Bay St. George being without employment this year. If you are going to cut back anything you cut it back at Bay St. George. But they would not cut back any woods contractors across the Island. The people in Bay St. George supplied cheaper wood than elsewhere. We cut off our cheap wood and continue with our high - we cut off the cheap wood, yes, that is the way the government moves. Wood left in the

MR. MCNEIL: Codroy Valley, in that area, that we could have gotten for linerboard for about \$38.00 a cord. They by-passed us and went to Bowaters and I think they picked it up for forty-some-odd bucks, I am not sure. We did not need that, because we are a government operation, we have lots of money.

"If we proceed to further cut back the suppliers to adjust to the current market situation the consequence will likely be most serious for the majority of the suppliers of pulpwood concerned as well as the men that they have working for them. Additionally we have been informed by the Deputy Minister of Forestry that the sawmill at Hawke's Bay will be forced to close down since the contractors are not able to go in their and only cut wood for that particular company. We would require a contract for approximately 10,000 cords of wood of which 2,000 would be saw logs which we would keep the mill going for a month or two and the remainder would be available to ship to Stephenville. The Deputy Minister of Forestry informed us that the wood can be delivered to dockside in Hawke's Bay for approximately \$40.00 per cord. This price is attractive to Labrador Linerboard but the wood is not actually required at this time." It is attractive but the wood is not required at this time.

"If the government permits the company to take this course of action and cut back to adjust to market conditions, then the situation is likely to become most serious and could be further compounded if the market situation suddenly takes an upturn after the end of the year. If the suppliers of pulpwood are forced out of business, and should the government continue to operate the mill, then a serious wood problem would result." I would agree with that.

"I now seek advice from my

MR. MCNEIL: colleagues in deciding whether or not the company should proceed with this 40.9 per cent reduction in pulpwood delivery or if government should direct the company to purchase the extra 46,500 cords from our suppliers as well as the 8,000 cords from Hawke's Bay to keep the sawmill operation going up there. To sum up, \$3,360,000 would have to be made available by the government to cover this extra purchase."

Now that is a memorandum by John Crosbie to the Executive Council - all right? - to Cabinet.

MR. HICKMAN: That is a confidential memorandum of Cabinet?

MR. MCNEIL: It is memorandum marked confidential, yes.

MR. HICKMAN: What is the date of that?

MR. MCNEIL: 1976.

Now on July 9, 1976, we have a letter from Mr. Crosbie going to the management of the mill

MR. MCNEIL:

management and this is what is contained in the letter, "My colleagues and I have reviewed this paper in Cabinet as it affects the wood suppliers of Labrador Linerboard and we have decided the company should not cut back on any pulpwood purchase from them. As you are aware the situation respecting pulpwood contractors on the Island is a most serious one and if we were to permit the proposed cut backs to materialize there is little doubt that grave consequences would result which may affect several hundred people throughout the Island." But we do not mind closing down the industry and affecting several thousand people.

"According to the information supplied by yourself and your officials it would have been necessary to reduce pulpwood purchases by 46,500 cords in order to achieve your inventory objectives for March 31, 1977. Cabinet recognizes the financial situation this company is in but they still wish the company to purchase this additional wood as long as it is done under the terms of the contract." Now what were the terms of the contract? PC supporter? Is that one of the terms? "This does not mean that you have to accept any wood from contractors who are not living up to your terms of the contract," That if they did not vote PC in the last elections. "Any contractors who are not performing for any reason should be treated in a normal business way." Well. Well.

"Additionally Cabinet reviewed the situation as it relates to the Hawkes Bay Mill and in this connection Cabinet has decided that if a contractor is able to deliver wood to the dock in Hawkes Bay for approximately \$40 per cord, and if all other terms of an agreement to be worked out are satisfactory to the company, then we would like the company to purchase 8,000 cords of wood from that contractor."

MR. NEARY:

Donations from the -

MR. MCNEIL: Hallelujah, hallelujah. Now imagine. The management is asking to cut back the inventory and our Cabinet - all along we were blaming John Crosbie, John Crosbie this and John Crosbie that. John Crosbie in this letter here went back to Cabinet and got approval from Cabinet.

SOME HON. MEMBER: (Inaudible).

MR. SIMMONS: By his usual devious means.

MR. MCNEIL: The facts are here; your Cabinet made the decisions. It was not only John Crosbie, you are all in it together. Undertakers.

MR. SIMMONS: Crosbie told them what to do but they did it.

MR. NEARY: Shower down administration. But the whole province -

MR. SIMMONS: "The Deputy Minister of Forestry will be in touch with you on this matter but we want you to understand that this wood should be purchased only under conditions which are outlined in the Cabinet paper and which are acceptable to the company." Now how about that? If any problems arise with any of the contractors involved in supplying the 46,500 cords, feel free to handle them in the same as you would under normal circumstances.

"The same situation also applies to the proposed supply of 8,000 cords of wood from Hawkes Bay. Yours sincerely, John C. Crosbie, Minister of Intergovernmental Affairs, a carbon copy going to Mr. Howard Ingram, another copy going to the hon. W. C. Doody, and another copy going to the hon. Ed Maynard.

AN HON. MEMBER: (Inaudible).

MR. MCNEIL: Now, Mr. Speaker, the government must take the blame for the mess that we are into.

MR. SIMMONS: Hear! Hear!

MR. MCNEIL: The Stephenville Linerboard mill, the people in the area in the last couple of years have been told that they were the

MR. MCNEIL: problem of all the ills of Linerboard, that management was atrocious, they were ridiculous, that the labour force was no good, that the people in Bay St. George were only a bunch of hicks so we can forget them. That is the attitude that that government has taken, Mr. Speaker.

The facts are, and I have them here, that the government

Mr. McNeil: has interferred into a private enterprise - or not a private enterprise, but in a business. There is nothing the matter with the government owning the operation, if they do not play politics with it. And, Mr. Speaker, if you look at it in that light, if the government only operate it, and they let a management team handle it like - what it looks like you have now, this gentleman, Mr. Sweeney, and the management are there, they are putting things together in the last six months, they have done things that we were told could never be done, we were told that she will never reach her capacity of 1,000 tons a day. And what did they do? They did not only reach it, they passed it.

AN HON. MEMBER: Two hundred tons.

MR. MCNEIL: Two hundred tons.

Mr. Speaker, how do you expect the Newfoundland people to trust any government, any government if this is the way we are going to treat our people by asking for blood, and when all the blood is drained out you are asking for more. It is only so far you can go if there is a little bit of leadership to be shown, and we have not seen it.

Mr. Speaker, again we see a situation where we have a group of businessmen, people in the field who are making recommendations to our government, and our government refuses to listen. It refuses to sit down and listen and weigh all the facts. And we ask for information time and time again. A few reports were tabled in the House. We got a little skimpy one which was done in a moment of haste. Because I think the decision to close the Labrador Linerboard - as a matter of fact, I believe it firmly, and if I can get a little bit more proof I will bring it into the House - the decision was made two years ago and all efforts by our technocrats and bureaucrats and politicians on the government side happen to close it down. They have given up. Why did not the government table these other reports? Why are they holding back information? All we want to know is the truth about the whole operation. And if all of the facts were known I am sure that it could be shown that it can be a viable operation. The preliminary

Mr. McNeil: report on Capital Requirement Committee, April 18, 1977, why was not that put forward? Why was it not tabled?

MR. S. NEARY: Shame! Shame on the government.

MR. MCNEIL: Why was not the report on the progress report and the Alternate Lines Products Committee -

MR. NEARY: Resign.

MR. MCNEIL: -why was not that report? Because there was hope in these reports, hope. It gives a little bit of insight into the industry.

MR. ROUSSEAU: I got the report out in Stephenville.

MR. NEARY: That is right.

MR. MCNEIL: Now it is terrible when you as the minister have to go to Stephenville to get a report.

MR. ROUSSEAU: I did not know anything about it. An official of the department was in Stephenville. I phoned him to find out if he had the report, and that is where I got it.

MR. HICKMAN: A confidential report.

MR. ROUSSEAU: The confidential report of the Advisory Board.

MR. MCNEIL: Right. Why did the Chairman of the Board hold it back? Maybe his officials are not giving him the information. Maybe it is not his fault, and if that is the case -

MR. ROUSSEAU: The third page of that -

MR. MCNEIL: - action should be taken to get rid of so many people.

MR. ROUSSEAU: The third page of that Capital Requirements Report says, "Confidential to the Advisory Board," you know, not the government, that is the Advisory Board's report. That is why we did not get it, I presume, the one on capital requirements.

MR. MCNEIL: That is, Mr. -

MR. ROUSSEAU: You know, that is

MR. MCNEIL: Mr. Speaker, all of the reports of the Advisory Board, all those little ones are available to the government. You cannot tell me that the government is not, you know, going to be held

Mr. McNeil:

back from confidential information, when I an Opposition member can get them.

AN HON. MEMBER: Are they concealing information?

MR. MCNEIL: Concealing information! Mr. Speaker, if we could get the information, Labrador Linerboard would probably be expanding the industry, not closing it down!

AN HON. MEMBER: Hear, hear!

MR. SMALLWOOD: That was the plan.

MR. MCNEIL: But, Mr. Speaker, they will not follow the original plan because they have so much hatred for an hon. gentleman who has -

MR. McNEIL: Served Newfoundland well in many respects.

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: Now granted, I cannot say that he has been an angel in everything -

PREMIER MOORES: Pretty close, pretty close.

MR. McNEIL: -but in the last year or two sitting behind him there is something growing behind his shoulders so it might be wings. Mr. Speaker, I can remember, I think it was in 1973, when we had the hon. gentleman from Twillingate out to Stephenville for the Citizen of the Year banquet. It was the first one that we ever held in Stephenville. I was a member of the Jaycees then and we were just getting the organization going for the first time ever. Now before the base closed the Jaycees, which are a young men's organization, had a very active group. Again an organization of that sort reflects the youth in the community, and we started seeing it build up into the unit, so we started the Citizen of the Year banquet once again, right now it is one of the events in Stephenville for the year, and we had the hon. gentleman out as our guest speaker.

MR. NEARY: Did you make him Citizen of the Year?

MR. McNEIL: No, not at that one. We will hold that one a little later.

MR. NEARY: That is coming up.

MR. McNEIL: But, Mr. Speaker, we met him at the airport and we took the hon. gentleman from Twillingate, and Mr. Greg Power - we took them out around and he wanted to go around the Linerboard. So as we went up around the Linerboard mill - we were going around it and Greg Power was sitting in the back seat and he was looking around it and he saw this paper scattered all over the place and he said "Mr. Smallwood, there is nothing but mismanagement here." And that is true at that time, there was a lot of mismanagement.

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: So we go inside and we talk to some of the officials

MR. McNEIL: and whatnot, and we were treated very hospitably. Well, Mr. Speaker, Mr. Smallwood came back and he said "Now, Mr. Power, do not be so critical. Give them time. They have problems now but they are going to make it; give them time and they will make it," and I always think back to that; How much time have we given our Labrador Linerboard operation - four years from start-up - start-up in - no, not four years, official start up was in 1974, was it?

MR. DOODY: April 1, 1974.

MR. SIMMONS: Scarcely three years - just three years.

MR. McNEIL: Three years. Now if you run a small business they tell you, the finance people tell you it takes anywhere from three to five years, and after your fifth year if you cannot make it well then you should re-evaluate the whole situation. But after three years into production, into a tough industry that you are trying to break, our government is sitting back and saying, "Well we have to close her up. It is costing us too much money and we cannot balance our budget, we got to close her up."

But they did not go out and tell the Newfoundland people that it is going to cost them more to close than to keep the operation going. Now do not even consider the financial part of it. Take, for example, and if you could put in dollars and cents, if you could put it - and you should not, the human tragedies that you are starting to see now in Stephenville, when you get a call from one of your constituents - and if hon. members have been into a situation where things have closed and the magnitude that the Linerboard is and how it reflects back to Stephenville, can understand the situation.

MR. SMALLWOOD: Ask the hon member for Naskaupi (Mr. Goudie) if he has had that kind of experience also.

MR. McNEIL: Yes, the hon. member for Naskaupi (Mr. Goudie) should understand the torture, the frustration, the human anguish that you yourself go through, not only the other people. And when a constituent

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calls you up and asks you to come down to their home and they treat you very nice .And the lady meets you at the door and brings you in and the gentleman is inside and he is on the verge of a nervous breakdown, and he tells you the whole story and he lays it out to you. "What am I going to do? I am mortgaged up to the hilt. I got no job . I have been trying for the past year to find a job. I have been laid off in the woods industry. I was logging. I was laid off, my UIC has run out, I went to the Social Service Department to get help and they told me to come back next month when they

MR. McNEIL: make an appointment. They have no time for me. I have no food for my children." And when the gentleman gets on to the story, he breaks out and he is crying.

Now, Mr. Speaker, these are things that you can not put into dollars and cents. When you tear people apart you tear families apart. Your family is the foundation of our society. And our families are being torn apart by a government that does not care about people - a do-nothing government. They were told by the business people of the problems with the inventory I just went through. They were told. And now it was said, 'Well, cut back a few hundred people.' Now they are faced with thousands of people and they are going to close up an industry that contributes heavily to the Newfoundland economy.

SOME HON. MEMBERS: Oh, oh!

MR. McNEIL: Mr. Speaker, it is a very, very serious situation and very few people realize the seriousness of it. Because -

MR. ROUSSEAU: You mean the Social Services Department said to somebody, 'Go away - come back in a month. We have no time for you'?

MR. McNEIL: The work load is so heavy, they have so many people going to their offices that they have everything booked on a schedule, twenty minute blocks, I would say, eh?

MR. NEARY: You have to make an appointment, yes.

MR. McNEIL: The whole on appointment. Their books are filled. And it is only the goodness of some of the workers that go back after hours and in-between trying to fit some of these people in. It is unbelievable, Mr. Speaker. And then when you go down to Canada Manpower Centre and you have 4,700 people unemployed, looking for work!

MR. NEARY: The second heaviest scapegoat in the Province.

MR. McNEIL: And then we have our government saying to the people, "We do not hold any false hope for you, but we are going to close it up, and it may be some private enterprise is going to take it over." No private enterprise is going to take it over that we, the government, who do not have to worry about a profit, only worry about breaking even, and they can not run it - what hope do we have for a private enterprise taking it? And if a private enterprise is going to take it, well then they know that they can make money off it. Well, why should they get involved? And they are not

MR. McNEIL: going to get involved if they can not make a fortune. But our government is going to throw it away. I would say they are probably going to give it away to maybe some big outfit for a dollar.

MR. NEARY: Consolidated Bathurst, the Power Corporation of Canada.

MR. McNEIL: But why can we not get a management team? It has been offered. I think in the original proposal, MacMillan and Bloedel were going to be a management team to take it over. And the government could be owners and they would not interfere in any decisions made at the mill. The government would be concerned with, first of all, having the operations continue to operate. It should be concerned with that because of the amount of people affected and because it contributes so much to our economy. And they should be concerned with the plant itself making profits so that it pays back to service the debt. And any other factor beside that should be immaterial. They should want it to operate and they should want it to make money so that it will service the debt. And should they be concerned with making it all back in five years or three years - it has only operated three years - should they be concerned with that? What about that? Or maybe you are only interested about your term in office - a few years. If you are looking down the road and if you are concerned with the direction this Province is going, if you are concerned about the future, you will not be only looking at today, you will be looking at tomorrow and twenty, thirty years down the line. You will be looking at your children's children.

We have the fisheries situation. The fisheries is in the same situation as Labrador Linerboard. It is a similar type thing. The only thing we have - wait now, we are supposed to have a little bit more. But what happens if the stocks start depleting? And we are building up now heavy capital expenditure, building boats, and getting into it, and getting into the fisheries in a big way. Same problem with Labrador Linerboard. The capital expenditure put into that plant there, they say, was too high. It was over capitalized, and as the task force in 1973 pointed out, over capitalized, and that your fixed cost is too high for operating. What happens if the fisheries ends up the same way? And it will, because we have not had a success story in Newfoundland since the P.C. government came in!

SOME HON. MEMBERS: Oh, oh!

MR. MCNEIL: Mr. Speaker, we have a situation at Stephenville where we have one of the finest mills in the world.

MR. SMALLWOOD: And one of the biggest.

MR. MCNEIL: And one of the biggest. And we have people -

MR. SMALLWOOD: Probably the most modern.

MR. MCNEIL: - from industries from all over, in Canada and from other countries have come in, and I have talked with them, and they came in and they laugh, they laugh, they cannot understand why we Newfoundlanders cannot make that operation go. And then on the other hand you have our Premier stating that we are worried about investing money, we are worried about people coming into the Province, and that we are trying to attract outside investment money, we need private enterprise, we need outside money. No investor in his right mind is going to invest in Newfoundland! Look at our success story: Labrador Linerboard, an operation where the people in the industry say one of the finest mills ever, and we are trying to close it up! There is so much effort gone into trying to close it up that if we ever saw the other side of the coin where they took that same effort and try to make a success it would probably be a booming success today.

MR. SMALLWOOD: That is right.

MR. MCNEIL: There is so much negativism right from day one and it has not stopped. And now the last six months, the last six months we have a gentleman who came in who has vast experience into the industry itself, thirty-five years of his life into the industry, and has turned around other industries, having been involved in turning them around, who has put his fingers on the right things, maybe the things were all just ready for him to go, and turned things around and got a positive atmosphere in the whole plant, the management, the workers, and some of them were classified as not being very good, some of them, they said, should be fired and thrown out. But he

Mr. McNeil:

took these people, who were suppose to be rejects and no good, and he turned it around, he put a little bit of light, You know what he did, he put some confidence in them, He said, "I tell you, work on, we will solve this problem together; work on, we will solve this problem together. Do not worry about your job, If you work and you produce do not worry because we will make it, and we have one goal, and that is make this operation viable. And if we can do it, and if we can turn it around we will show our government that they have made a wrong decision."

But what happened? Our government turned their back on them. Turned their back on the people of this Province. Told the man who has thirty-five years in the business that he got a little carried away. My dear God! When I heard that I almost passed out with the fright. Got carried away!

MR. SIMMONS: Look who said it, a fellow who himself ran this into the ground.

MR. MCNEIL: It is very sad when that came from our Premier, Our Premier said, A man - and you would have to live in the community; now I do not expect you gentlemen on the other side of the House to really understand, you would have to live in the community and just feel, feel the positive vibes coming in from the people. People are saying "By God, I think we are going to do it. We got to hang in there. She is going to be tough. And we are willing to make sacrifice." People from the union. And they are hard to deal with, the union. They have a one-track mind; all they are interested is making sure they got a job, and that they are making money. And that is the way it should be with them, because they are formed for that reason, to protect their people. And they come back to the people, and some of them have come to me, some workers, and they say, We are willing to suggest to our executive, we are willing to say that if it means that we got to take a cut in salary, we are willing to sit down and see where we are going

Mr. McNeil:

because we believe, we believe that the operation can go. But they do not want to be used, they do not want to be used. And, Mr. Speaker, in the last several years they have been used. And every person in the Bay St. George has been used by our government in a negative way.

AN HON. MEMBER: Right.

MR. MCNEIL: Sure, if it is going to mean good to all the people in the Bay St. George area or elsewhere in the Province. Yes, by all mean you have that right.

MR. W. HOUSE: Would the hon. member permit a question, please?

MR. MCNEIL: Yes.

MR. HOUSE: A couple of years ago the unions were on strike, the three joint unions, Bowaters for a common salary and common working conditions. The Bowater people went back agreed to accept a contract, so did Price, But the Stephenville workers stayed out for a considerable number of days after, would not accept because they wanted better benefits apparently than the other two mills. How can you reconcile that?

SOME HON. MEMBERS: Oh, oh!

MR. MCNEIL: Mr. Speaker, that is not true. What the union in Stephenville do they will say, We will settle for whatever settlement that Bowaters and Price settle for. They set the trend and we will follow in line.

AN HON. MEMBER: They stayed out.

MR. MCNEIL: No, no. They stayed out until they sat down. You know what the problem is - management and the workers would not sit down at the bargaining table. They could not get management there. Management would come in and they would not negotiate.

MR. SMALLWOOD: Sounds like John Crosbie.

MR. SIMMONS: Old bullyboy again.

MR. MCNEIL: The union was willing to negotiate. Anyway, the point is that once they got confirmation from our government that they would receive whatever was set in the industry by Bowaters and Price they would fall in line and they went back to work. So that is it.

MR. SIMMONS: Make no wonder they make -

MR. HODDER: I wonder if I could comment, with the member's permission.

MR. MCNEIL: Go ahead.

MR. HODDER: My understanding at that particular time was that the markets were soft and there was a great deal of trouble trying to negotiate with management. Of course management was controlled by the provincial government and by Mr. Crosbie, a great deal of difficulty because they would not sit down with them. They would not sit down with them for a while because the markets were soft. And management were just hanging in, just holding on, because it was to their advantage to keep the mill down at that particular time.

MR. MCNEIL: Mr. Speaker, if I may go back onto the market situation. When Mr. Moores came out and he set up the Advisory Board at Stephenville he gave a little bit of background information

MR. MCNEIL: on the marketing. And he states, "We originally appointed International Forest Products as a market organization because they were medium size with good personnel and reputation, and more importantly did not have any production of their own and therefore had no conflict of interest in selling Labrador Linerboard products."

This is all well and good in theory. However, the obvious weakness - now the Premier realizes this himself - was that the sort of organization did not have a secure and traditional market source. All right. So he has admitted the marketing group that was set up was a disaster.

"It was felt that given a good or even fair market, secure and traditional markets could be established over a period of time. However, the market very rapidly not only turned down but reached disastrous proportions with record inventories around the world and with prices at low levels. However, to traditional, secure mill customers this meant the Labrador Linerboard products could not be sold at any price!"

Mr. Speaker, the Premier himself mentions that the marketing group was a disaster - the original one - and now since March 31 they clued up, we had a new group in session under the, I think, the new marketing management, Mr. Paul Bannerman. They have brought in orders in a tight market situation at pretty good costs, pretty good price rates, have got markets for the first time ever in Canada, have got a substantial order in Canada. A point to remember, too, Mr. Speaker, is that we have a CIP box plant here in St. John's, and they do not buy any linerboard products from our Stephenville mill. Mr. Speaker, it is unbelievable. Maybe we could be serving our Canadian customers.

MR. SMALLWOOD: That cannot be -

MR. MCNEIL: Why?

MR. SMALLWOOD: If the hon. gentleman will allow me? I believe that the CIP plant in James Lane buys its - all they do is make boxes and they will print your name on. The whole frozen fish industry of Newfoundland gets its cartons from that plant, and the name of the company is printed on. But they make the boxes out of the complete product which is fluted, or corrugated, material with linerboard paper on front and back. They buy that complete. They cannot buy just part of it - the linerboard paper - they buy the full product already manufactured, and what they do with it is to put it through a machine and turn it into boxes, cardboard

MR. SMALLWOOD: boxes or cartons, I think that is the case.

MR. MCNEIL: I am not sure really, because -

MR. SMALLWOOD: I think so.

MR. MCNEIL: - I was told that the new sale group had sent over a sample of their linerboard, sent it over the the C.I.P. plant, and they would not even consider it.

MR. SMALLWOOD: If the hon. gentleman will allow me again, it may be - I was in the plant when it first started. Mr. Hutton started it. - it may be that that plant buys the fluted material, the corrugated paper and the linerboard paper, and put it all together, it may be; in that case they could buy their linerboard paper from Stephenville. But if they buy the whole thing already fabricated so the only thing they do is to turn it into cartons then, of course, they cannot be a customer for the mill in Stephenville.

MR. MCNEIL: Anyway, maybe we should find out exactly what the C.I.P. plant does.

MR. SMALLWOOD: Yes, that would be worth finding out.

MR. MCNEIL: But the point is that if there were enough effort taken maybe we could get a large portion of the Canadian market, not alone the European market. Now with these announced closures - we had one and the hon. the member for Port au Port (Mr. Hodder) brought it to light before the announcement hit us here on the Island that Labrador Linerboard was closing down - and trying to break a market that is tight, and when they look at our mill and see our wood costs are high, and see how it is run, and the rumours flying around, surely to God they cannot have any confidence. And if they are worried about the future and all the market forecasts are pointing to a future

MR. MCNEIL: in the marketplace that is going to be very tight, the demand is going to be great for linerboard, the experts even go as far as to say that it will probably have an effect of slowing down the economy because you will not be able to get paper products or linerboard. It will slow down the economy! Now can you imagine it? Here we are with all these experts and of all the material I have read I see very few taking a downward trend. All the graphs and everything else are all pointing up. The reports of the committees all point this out, and our government are going to turn around and phase out an industry when it is on the verge, when conditions are there for it to meet success, if we could just hang in there for may another year or three. If we use the recommendations that are in the report, with capital improvements, in a three year period it will not only decrease our fixed costs, and if we can get our production capacity, which has been proven, if we can get that up big it has to show on our balance sheets as being favourable in keeping the operation moving.

MR. SMALLWOOD: It would put \$5 million a month in circulation in wages, including the multiplier.

MR. MCNEIL: Mr. Speaker, there are a lot of points about the industry itself that are not being brought out. For example, how does the closure affect the revenue needed by Newfoundland Hydro? The cost that we pay for electricity is great. I am told that we pay up as high as four times greater than any other mill in Eastern Canada, one of our own mills, no concessions. Labrador Linerboard gets no concessions. Actually, on our financial statements, when we are paying it all yet, maybe it is only figures transferring back and forth on the paper, maybe they are only shuffling, paper shuffles, not actually true losses.

MR. MCNEIL: I pointed out in our operating loss, and if you look at it and you take in the figures in three years time we will be gaining on an operating basis, we will not be losing on an operating cost.

MR. McNEIL: When you consider that the fuel purchased for power that it cost us in 1977, \$2,439,328 in electricity, now what happens to that almost \$2.5 million if we close the mill? Is the government still responsible of paying that amount of money to Newfoundland Hydro? Is this cost going to be wiped out? Our fuel, another thing which adds to the high cost per ton, if we done the requirements and put in a bark-press system, a proper one that will take our wood and supplement our fuel, I am told that we would save about eighty per cent in our fuel as we are paying out now and here again we are paying over \$2.5 million in fuel, in Bunker C.

Mr. Speaker, the more information I get on Labrador Linerboard, the more I get, the more and more I am convinced that our government are going backwards, they are moving in the wrong direction. You have already gone through the roughest periods, last year and the year before, you have gone through them. And now when we have the road set, the ground set for a little bit of success now you are going to turn your backs and walk away. What has happened? Have you lost your guts, have you lost your vision? You came into power with great vision and you have not come across yet.

AN HON MEMBER: (Inaudible)

MR. McNEIL: Well so they did, They sold the people of Newfoundland, they sold the people of Newfoundland their great ideas but they have not produced, they have not produced. They have mislead the people of Newfoundland.

Mr. Speaker, this was in one of the reports and it is related to the market itself: "Lack of US investment and higher wood costs will create economic factors which will make existing linerboard producers lucrative." And here we are closing up an industry! Now if we close the industry and we got - granted we are going to loose maybe next year and maybe the year after, there is the three year period where we can swing up and probably get into a situation where it is paying for itself and make a little bit of profit, if we close it now and we loose our work force, our management people, do you think that they are ever going to come back to Newfoundland again and get involved

MR. McNEIL: into a mill that they question and had been doomed to failure from day one? Do you think they are going to get involved? Do you think they will trust the Newfoundland climate? They will shrug their shoulders and they will say." No.I do not want to add another chapter to the Newfie joke book. I want to stay away from the Newfies, I want to laugh at them but I do not want to work with them and live with them". That is what they will say. Can you imagine these guys down - the financial people on Wall Street or elsewhere in some other country; "Where are you from ?" "Newfoundland." "Oh yes, that was the place where they closed up Come By Chance, they closed up the Labrador Linerboard or they had that big great power scheme on the go and they blew the dynamite and that is all they had was a heap big smoke"

AN HON. MEMBER: That is the crowd. That is the crowd.

MR. ROBERTS: Blew it, period.

MR. McNEIL: Mr. Speaker, you will never, never get anybody with any stature to come into Newfoundland and invest their money. It has to be done in Bay St.George now.Labrador Linerboard has to be turned around and if the Moore's PC government is going to make a mark it has to be done in Bay St.George -

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: - for the sake of democracy if nothing else.

MR. SMALLWOOD: And it can be done.

MR. McNEIL: And it can be done.The facts are there -

MR. ROBERTS: The Advisory Board -

MR McNEIL: The Advisory Board,people in the field, the experts - you have a man who has put thirty-five years into the industry but his neck is still on the line and he said he did not want to get involved. You know what he told me personally? he said,"If I knew it was going to be this political I would have never came to Newfoundland. I do not want to get mixed up in the politics, that is their game and I do not want it"

MR. ROBERTS: The government never made any effort to keep it open. They are trying to use Mr. Sweeney.

MR. McNEIL: In six months he has turned things around. His whole team.

MR. McNEIL: he has put forward a team, and that is what it is, a team.

MR. SMALLWOOD: 1,200 tons a day proves it.

MR. McNEIL: Proof in itself.

Mr. Speaker, if you are looking at financial statements and even have a small business, what you do one year really does not reflect that year. Any improvements they make or cutbacks really do not reflect all that much. But when you look at your financial statement the following year, you will see your past year - what work you have done. And if you are running a big business how much more does that show up. So in a six month period since the Advisory Board and the new management group have sat in there, they have done things, and the saddest part about it, if the government continues on the course they are going now, to close up the industry, within six months to a year they will come back and say, "We have made a mistake." And the people of Stephenville have seen mistakes time and time again. For example, right next to the Labrador Linerboard plant there is a little fish plant. It was one of the most modern plants set up. We have fish producers coming back who have been in the plant before, and they were saying it was a mistake to close up that plant because there was no herring and the fish were gone. Now just last week - or was it the week before? - I was home, and you go down to the wharf and they are trucking herring in truckloads, taking it away from the wharf and taking it to some other plant elsewhere. But that plant now is sitting right there. It was not a viable operation because there was no product. It was a modern plant, and what did they do? They auctioned the whole thing off, sold it for scrap value.

MR. SMALLWOOD: Is that the one built right near the paper mill?

MR. McNEIL: Right near - that one.

MR. SMALLWOOD: That is the one I put there.

MR. McNEIL: Yes. Well, that is just the problem, see. You put it there and they want to take it away.

AN HON. MEMBER: So what!

MR. McNEIL: It has shut down a long time ago? Not all that

MR. McNEIL: long. It is only a few years ago.

It produced a good product. The problem is there. And one of the people in the companies that were involved in an indirect way have come in and have said to me personally, that - you know - it has been a mistake. It was bad management. We realize now that it was bad management. It was not management. It was not managed. It was let go loose. And now we are seeing the same thing with Linerboard. The only difference is now - and thank God, maybe our prayers have been answered in a small way so far. You have the fact that we have a man who has experience in the field, and he put the team together. And there is a possibility that he could change it - turn it around. And he has proven by his efforts in the last six months that the thing can be turned around.

AN HON. MEMBER: Right.

MR. SMALLWOOD: Because it is the first time you have had a man running it who knew what he was doing. -

MR. McNEIL: Exactly.

MR. SMALLWOOD: - the first time.

MR. McNEIL: Exactly. And the fact that he lets his feelings be known even though the government are going to probably fire him when they have their next meeting because he is trying to disturb the community -

MR. NEARY: They will be trying to muzzle him.

MR. SMALLWOOD: No, they will not.

MR. McNEIL: They will try to muzzle him.

MR. SMALLWOOD: No, they will not try it.

AN HON. MEMBER: (Inaudible)

MR. SMALLWOOD: No.

MR. McNEIL: Well, they will threaten him some way or other -

MR. SIMMONS: They have done that already.

MR. McNEIL: - because he is a positive man and follows his beliefs. Maybe this is the problem we have in Newfoundland, we have too many people who are not tough enough in the business sense. But we have our politicians who seem to have all the answers in the paper industry, in

MR. McNEIL: this particular industry. They have a lot of information. They do not understand - and I agree, I do not understand either - totally how the whole industry works. But when you have a man in the field who has been thirty-five years in an industry who has turned around other mills that were in a bad situation, who is gifted, who spent most of his main areas in the marketing, manufacturing, and put out a good product. They have done experiments, they are doing experiments now. They did a real low grade paper. They ran a couple of tests and they probably will try to get in on making paperbacks. They have done it. And actually people in the plant were amazed that they could get down to that fine of a grade. They have done experiments of that nature and have met with a measure of success - not a total success because we could not get it on the market. There were a few little problems. But if they keep going at that rate - that was only a six month period. If they keep going at that rate - my God, what can they do? Imagine if they were at it three years. She would not be closing down, she would be building up!

Mr. McNeil: Mr. Speaker, it is sad to come from an area, even where you went to school, went to University and got out into the teaching profession and then probably into a small business, and then into politics - not that I wanted to get into politics because they had to do a little bit of arm twisting. But I had a firm belief in Stephenville and I tell you, Mr. Speaker, that if Stephenville, or Bay St. George area, does not turn around, if the economic trend does not change in a positive way that trend is going to spread right across the Island. That trend is moving; it has to be stopped in Bay St. George in order to get this Province back on keel again. And it is not going to be done in a year or two years or five years from now with the fisheries. That is one area in itself, and that has many problems within itself. And we have a plant that is there, it is one of the world's best, it can produce, it has a good work force, it has a management team that can pull together -

MR. SMALLWOOD: For the first time.

MR. MCNEIL: - for the first time ever, and it has been done in a six month period.

MR. ROBERTS: All we need is a government with some guts and some vision.

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: All we need is a government who would have a little bit of encouragement -

MR. NEARY: Therein lies the problem.

MR. MCNEIL: - and say, "Okay, you presented it to us. We now see that we made a mistake. We will not interfere in your business management decisions like has been proven already in their wood inventory. That in itself when you look at your financial statements will show that that crippled us." I went to an accountant, a chartered accountant, I pass him the financial statements, and I said "Read these statements to me and put them in the most favourable light, forgetting your debt servicing, forgetting everything, just worry about your operating expenses." And I asked, "What are we

MR. MCNEIL:

losing in our operating expenses?" He went through the whole thing, brought back the whole set of figures, the whole bit, and he went through them. But anyway the thing that stood with me was that we only lost about little over half million dollars in the year 1976 in operating expenses only. If you are just taking your operating itself.

MR. ROBERTS: Forget the -

MR. MCNEIL: Forget all of the other debts.

MR. ROBERTS: Which you are hooked for any way.

MR. MCNEIL: Yes, we are still hooked for it, yes.

Now granted, he put the financial statement in the best light possible - okay? - and he came out with this remark.

MR. ROBERTS: The government is putting it in the worst light possible.

MR. MCNEIL: So he showed one side of the coin, and our government in their progressive way have showed the other side of the coin, and they showed the worst. They did not leave any hope. And a government that does not leave any hope for its people is a sad government.

MR. ROBERTS: It should not be a government motinn.

MR. SIMMONS: Move the adjournment motion.

MR. SMALLWOOD: You have -

MR. MCNEIL: Mr. Speaker, I would like to move the adjournment.

MR. SMALLWOOD: - before you move it, you have -

AN HON. MEMBER: Could I have the question on it?

MR. SMALLWOOD: made the best speech -

MR. ROBERTS: Let us have it then. Let us have it now.

Let us have it now.

MR. SMALLWOOD: The best speech that has been made in this House this session, right there.

SOME HON. MEMBER: Hear, hear!

MR. SIMMONS: Move the adjournment,

MR. MCNEIL: Mr. Speaker, I would like to move the adjournment.

May 10, 1977

Tape 2464 (Morning)

PK - 3

MR. SPEAKER: The hon. gentleman has moved the adjournment of the debate. Is it agreed that we call it one o'clock?

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: It being 1:00 P.M. I will leave the Chair until 3:00 P.M.

PRELIMINARY

UNEDITED

TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

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

TUESDAY, MAY 10, 1977

The House resumed at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please! Before resuming the debate which was interrupted at 1:00 P.M., I would like to draw to the attention of hon. members the presence in the gallery of Mr. Bill Jarvis, member of Parliament for Perth-Wilmot and I know all hon. members join me in welcoming this fellow parliamentarian to the House of Assembly.

MR. SPEAKER: Hon. member for Stephenville.

MR. MCNEIL: Mr. Speaker, if I may continue where I left off this morning, I was dealing with the Labrador Linerboard and the high cost of operation. The fact that our government, it was pointed out to them several times before that the high cost of operation could be reduced if efforts were taken to do so. If I may add to the information where the government has interfered in a business, and has actually caused a crippling of that business. In December 5, 1973, a memorandum went to the minister and Chairman of the Board, Mr. Crosbie, and it dealt with the subject of a cost reduction programme for Labrador Linerboard, bearing in mind that the market was in a slump and that we had to curtail our operation, cut back our inventories, and try to cut our expenses to stay in line with the selling of our product.

One of the items mentioned the following points or areas where substantial savings can be realized at Labrador Linerboard Limited. Point one, place a freeze on all purchasing and make do with what we already have in stock unless the items required are for emergency purposes. Then as I have pointed out in one of the memorandums this morning, our inventory itself in our stores - and I will quote you this and again I must stress this was a memorandum that went to Mr. Crosbie, the Chairman of the Board of Directors, the chief man responsible dealing with Labrador Linerboard -

MR. NEARY: A skinful of hate. He is up in Ottawa now.

MR. MCNEIL: - a man who said from day one that Labrador Linerboard could not make any money. So what was he doing? He was making sure that this prediction would come true. I must also point out that he did not do it alone. He made sure that he had consent of the Cabinet, so there was an agreement on this. So the Moores P.C. Government must take the full blame for putting Labrador Linerboard under.

MR. NEARY: Cabinet solidarity.

MR. MCNEIL: Our mills stores inventory amounts to \$6,547,000. Our Island stores are \$1,277,000. The Goose Bay Stores are \$1,618,000. Persons I have spoken to would include employees of Labrador Linerboard who came from other companies tell me that mill stores inventory should be about \$1.5 million to \$2.5 million stores inventory.

MR. MURPHY: That does not include wood, I guess.

MR. MCNEIL:

Just the stores inventory now.

AN HON. MEMBER: Who is this from on suppliers?

MR. MCNEIL: This is from one of the higher officials,
an executive assistant, I guess, to Mr. Crosbie.

MR. NEARY: They must have enough stores to fill another mill.

MR. MCNEIL: Well.

SOME HON. MEMBER: Partly.

MR. MCNEIL: They were maybe looking to the future, I guess
taking over all of the mills.

SOME HON. MEMBERS: Oh, oh!

MR. MCNEIL: Our inventory appears to be way out of whack.

MR. HICKMAN: Would the hon. gentleman permit a question?

MR. MCNEIL: Yes, by all means.

MR. HICKMAN: You know, simply for the record, because the
document that he is now reading from, am I to understand that is
a memorandum from Mr. Crosbie's Executive Assistant to Mr. Crosbie?
Is that what the hon. gentleman is reading?

MR. MCNEIL: It is a memorandum to the minister from one of his
executive assistants.

MR. HICKMAN: Yes. Will the hon. gentleman table the document?
You know, it is news to me. I have not seen it.

MR. MCNEIL: Well the date on it is December 5, 1975, and I
am sure - the subject is cost reduction programme for Labrador
Linerboard.

MR. HICKMAN: Well, it has to be tabled.

MR. MCNEIL: The hon. Minister of Finance would have that report
in his files.

AN HON. MEMBER: Table it.

MR. HICKMAN: Well it has to be tabled anyway if it has been
read from.

MR. MCNEIL: All right. No problem.

MR. NEARY: Why do you not buy us an Xerox machine, boy, so we can keep you informed of what is going on?

MR. MCNEIL: My poor Xerox machine in Stephenville and the one downstairs I have got it worn out, the stuff that I am scabbing out of this building and elsewhere.

SOME HON MEMBERS: Oh, oh!

MR. NEARY: We got more reports on the Linerboard Mill than that crowd over there.

MR. MCNEIL: Our inventory appears to be way out of whack. When you look at the spread of figures and the substantial increases in inventory, I believe we should look at all requests from the company to buy anything for the stores .

Mr. Speaker, it was noted then, and it was pointed out to the minister, the Chairman of the Board, that our store inventory was too high and it had to come down. Also, Mr. Speaker, -

MR. NEARY: What was the total? How many millions altogether?

MR. MCNEIL: Oh, there are so many millions it is hard to keep track of it all.

AN HON. MEMBER: About \$9 million.

MR. MCNEIL: Okay, I will go back to another item back here. To illustrate how serious the store inventory situation is the following information is provided, so operating, maintenance, and supplies which will be included in the store inventory on that. From 1974 to 1975 you had an increase, it does not give a total increase, but the inventory in that period was \$9,442,000.

It also goes on and it suggests to the government to cancel all capital improvements unless the ability of the mill to produce would be impaired. The suggestion then that because of the low market situation because of the financial problems that it is having that maybe we should cut back on any capital expenditures whereby it is going to impair the mill's production. Now this was done during a period of low market. So if you cut down during that period, cut back on your wood inventory as it was suggested by management, and the people who came back and told management to continue

MR. MCNEIL:

buying wood, and also told them to buy more than they needed when they wanted to cut back their inventory by 40.9 per cent, our government, owners of the mill, told management to continue buying. And the result is today that mill is going under, closing in the matter of six months.

This morning we had the Minister of Education saying that the mill workers, the union people in Linerboard, were on strike and were getting more than Price and Bowaters. Now I want to set this record straight, and as I finished speaking this morning went out, the union people, the executive came to me and told me I must set it straight, that what the minister is saying is totally wrong, again showing misleading the people.

The union at that time were on strike, and they went back to work after it was agreed with what the government promised that they would be giving the same as the other mills in

MR. McNEIL: Newfoundland. They would set the trend and they would follow him. But bearing that in mind, in the Linerboard industry itself the union workers at Labrador Linerboard are receiving less than any other linerboard mill in Canada - are receiving less in wages. So, they did take a reduction - they did take it - all right? Also, apart from that, they requested - they went to management and they asked - I do not know if they asked directly through Government, but through management - to work with the advisory board, and anything they could do they were willing to do. They were willing to maybe take a little bit of cutbacks. They were open but they wanted to know the facts.

Now, a point here dealing with unions: The mill in Temiscaming, Quebec - this is the one that was owned by CIP - and it was closed up because CIP said it was a non-viable operation, could never work and never make money. The people in the town took it over and, with their union and assistance from both the Provincial and Federal people, have now re-opened that industry after a year-and-a-half of being down, and now not only have their own mill operating in the black but they own a couple of the mills in the United States who were competing against them.

But the point is here, Mr. Speaker, is that when they sat down - the union sat down to negotiate their contract, it took them only three days to come to an agreement. Why? Why did it only take them three days? Because the president of the union said - he said, "We knew exactly what was on their books. There was no need for us to go more, because we knew there was no more". They knew the facts, what the company was doing. They knew what the company was making, but we, here in the Province, have a publicly owned mill, and the people of this Province do not have all the facts relating to that mill. We have been trying to get information here in this House time and time again, and the Government has concealed it from us.

MR. McNEIL: There is a report that I have picked up that should have been tabled in the House when the Government decided to close it down. You decided. You lost it. You blew it. Table it all. What do you have to hide? And you are keeping all these little bits of information back. Maybe if you produced it all, maybe after we see and go through it all, maybe we would say, "Well, yes, maybe you did make the right decision." But the facts as I have them and as people that are working in the industry are telling me, that the Government has made the wrong decision in closing that mill.

MR. NEARY: Mr. Sweeney said that.

MR. McNEIL: But he only gets carried away every once in awhile, so I guess we have to take his comments very lightly.

MR. MURPHY: Shut her down tight.

SOME HON. MEMBERS: Oh, oh!

MR. McNEIL: Mr. Speaker, are you familiar with - is the gentleman familiar with the situation in Temiscaming, Quebec?

MR. MURPHY: I had heard about it. The employees sort of took the thing on themselves and the government carried the debt or whatever it was on it.

MR. McNEIL: I would advise the members on the other side there is a film down in the National Library Board, A Challenge for Change, and it gives a good description of what can be done if you take a positive approach to a serious problem. And they had a serious problem. They were losing their town, and they got it - they did not take over a new mill, they took over a mill which by industry standards was a disaster, a write-off. But they turned it around, and they not only turned their own mill around with the help of all - co-operation was the key word - from all, everybody pitched in, nobody was trying to hog the show, everybody pitched in and they not only got their own mill in production, they bought controlling shares in two mills in the United States, the first time ever in Canada that we have a Canadian investment controlling in the paper industry a U.S. mill. Now lately I hear that they have bought another mill.

MR. McNEIL: Now, one of the key factors in this kind of a - they refer to it as a marriage of convenience, and it is kind of a unique situation how the thing evolved. But it is very interesting. For the first time ever we have seen it working, everybody tightly together. And

MR. McNEIL: I think, Mr. Speaker, here in this province we could do the same thing. The province owns the mill, they have money sunk into it. If the government sells it we will not get the money out of it that we put into it. Well if that is the case, why do we not try to get a good management team? Tie in your labour, tie in your management, your community, federal government, provincial government and the works, tie it all in and work it maybe. If you have to bring your wages and salaries down, put an incentive at the end of it. At the end of the year if there is a profit, work on a profit-sharing basis so that something goes back to the workers as a bonus. Put something there for the future. Give them something. But just do not tell them to do this and do that, if they do not like it get out. That has been the approach of this government.

Another item here, Mr. Speaker, the management felt that the labour was increasing at a time when it probably should be decreasing. Immediate lay-off often percent of the work force, followed by another ten per cent in six months time. In November, 1973 we had 524 people working in the mill. Now we have 683. Now we are into a situation where we are going to lose the whole enterprise. There is not going to be one person working there, because it is going to be closed, unless you count the rats that will be going around there in a few years.

Mr. Speaker, when I go back to some of the Hansards and read the statements of Mr. Crosbie, where he states time and time again that the mill is a non-viable operation, and the sole reason he gives for it is the high cost of wood. Now, the last few months our wood cost has come down. It was \$108, that is what we were dealing with before. Now I am told we are supposed to be closer to the \$60 range. According to the forecast they are talking about \$62 wood per cord, so it is possible to get our wood cost down. With the problem we have hanging over us now with the spruce budworm, the danger is right now that we are going to lose our total forests. It is going to be wiped out. What are

MR. MCNEIL: we going to have on our hands in a couple of years time, a shutdown maybe in Grand Falls, Bowaters, an old mill, so what happens with Bowaters when the industry takes a slump when the market drops? What happens? These people are only concerned with making profit. But our government, who owns the mill, they should be concerned with making it operate and trying to make it a viable operation so it pays back and services the debt. But if it does not service its debt at this point in time they should be only interested in just making it break even. And it can break even.

The capital requirements committee made up of the advisory board people, these are the people in the field, business people, expertise. Take the programme, they lay it out: Capital cost payment summary for the recommendations programme as follows: They suggested - they have seven items installed in here, they break it over a cost pay-back basis. For example, install turbo generator, power saving versus Bunker C. Bunker C cost is going up. We are told that our electrical cost is going up and our fuel cost is going to keep going up. But they are suggesting here that we convert the steam that is going out the spout into the air, convert it and probably have a saving in our electricity and our Bunker C that we are using.

So in 1977 you

MR. MCNEIL: spend \$1 million, it is a cost of \$1 million. In 1978-79 spend \$3 million, 1979-80 you spend \$2 million and you receive back a gain of \$1 million, and in 1980-81 you are receiving back a gain of \$2.5 million, So say you save an increase of about \$.5 million per year and pay it back in 1981. And here we are turning aside the advice of the experts in the field and deciding to close it up, not only throw an industry down the drain, but a community, a people and any hope that our Province has of trying to get a little stature in our Canadian society, let alone our world society. It is going down the drain.

Then we have to go to the bond market people and tell them what a great Province we are. We cannot make a success of any industry, where we are not concerned in making a profit, just breaking even, a resource based industry and we cannot make a success of it, so what are they going to ask? They are going to come back and they are going to say, Well, what is the matter with you people? It is going to be the Newfoundland people who are going to take the brunt of it all. They not only have to pay for it for a good many years after, about three-quarters of a million dollars by the time it is all paid out, and receive nothing except their character as Newfoundlanders blemished, adding to the chapters of the Newfoundland Joke Book.

The comments of the Committee:
"It is important to note a programme such as this for \$12.3 million would pay for itself by 1980, and starting at that time would also generate cash which equates to the remaining bonds in the amount of \$28.4 million outstanding as of March 31, 1980. It is also seen to provide cash to support a continuing normal improvement programme estimated to require about \$2 million per year after 1980-81."

MR. MCNEIL: Mr. Speaker, the facts are here, and taking them as we have them with a little bit of determination, a little bit of energetic activity, working towards the success of an industry, and at a time when you would have every single person who would help you, the government have everybody in their midst and they would go all out to help them, and what are they doing? Sitting back, they could not care less. Let her go! Let her go!

Mr. Speaker, I do not know if other members of the House feel as I do. I feel as a member representing a district that this is the most unfulfilling job I have ever done. We are puppets to people from outside. I was amazed to hear from the Minister of Forestry this morning when he said he had to go to Stephenville to get the reports that I have, he did not receive them from the Minister of Finance nor the Premier.

MR. DOODY: The Minister of Manpower.

MR. MCNEIL: The Minister of Manpower, rather, yes. That is unbelievable. What is it, only a couple of the Cabinet ministers, the inner group that controls the whole thing, and the other ministers and backbenchers are supposed to be sacrificed like the rest of the other people in the Province? Is that the whole idea, to balance our books?

My ideas of a government, and what I see today being part of a government in the House of Assembly is very disillusioning. I am glad that most of my district is far away because if the people could come in here and see how the whole thing works and see our government in action, they would understand that they have no hope for the future.

Our government has forgotten Bay St. George. Not only Bay St. George, but the whole

MR. MCNEIL: of Western Newfoundland and
possibly, I think, our whole Island. They have forgotten

MR. McNEIL: about everybody except themselves and then again here I am not even too sure. I think they have lost control of everything.

MR. NEARY: It is too big for them, boy, they cannot cope with it.

MR. McNEIL: Mr. Speaker, I must emphasize like this morning I mentioned that if we are to serve the people, if we are elected members to represent the people we are supposed to try to understand them, we are supposed to try to have a feeling for people first, people foremost, that is what the government is all about, that was my idea but I am starting to come awake, I am starting to realize that people do not come first with our government. The approach that our government takes is that you must use them, keep them down, keep them down, squat them like a cockroach.

Mr. Speaker, again in a memorandum to the minister, subject - cost reduction programme, it states "Determine from Price and Bowaters how much they pay for purchased wood and make sure we do not pay anymore. Rumours continue to persist that we are paying much more for our wood than Price and Bowaters." Why should we pay more for our wood than Price and Bowaters? When you see wood cut around our area, the cheapest wood than you can get would be around the mill area in a thirty mile radius. The government cuts it out, closes it down, and takes the most expensive wood. And in that memorandum I read this morning, it not only tells them to continue bringing in wood but it tells them to pick up another contract for 8000 cords and that wood is up in Roddickton, I am told it is still up there.

MR. DOODY: That is not the same wood.

MR. McNEIL: That is not the same wood?

MR. DOODY: No. The Hawks Bay wood is different than the Roddickton wood.

MR. McNEIL: So what is the story on the Roddickton wood?

MR. DOODY: The Roddickton wood was wood that was bought by

MR. DOODY: Linerboard -

PREMIER MOORES: And sold back.

MR. DOODY: and sold back to the people. (Inaudible)
it was wood that they did not need.

PREMIER MOORES: And sold back to them.

MR. McNEIL: How much of a loss did the Linerboard realize
on that one?

PREMIER MOORES: The people are going to gain.

MR. McNEIL: The people are going to gain?

MR. DOODY: For years.

MR. McNEIL: That will be the first time ever.

MR. DOODY: I am just trying to say that there were two different
lots of wood.

MR. McNEIL: Okay, you got me straightened out there. Thank you!

There is another unusual remark here, "I suggest that our wood consumption
is not near as high as we are led to believe it is. I believe the
discrepancy occurs with all of the wood that has been lost at the
mill through -

MR. DOODY: Shrinkage.

MR. McNEIL: - shrinkage - thank you - and the thousands of cords
that have been left go adrift in Bay St. George. The company now finds
that the wood that has been delivered to the mill is not now there
and consequently they conclude the wood has been consumed. if this is
the case a saving of \$3.5 million per year can be realized from
decreased usage. "Now that is astonishing.

MR. NEARY: That would even baffle the -

MR. McNEIL: This is a little article dealing with wood usage.

MR. DOODY: The executive assistant again.

MR. McNEIL: Yes. Production.

SOME HON. MEMBERS: Hear, hear!

MR. McNEIL: There is a name on this but I am going to refrain from
using any names, There are a couple of names in it, In this House it is
bad to bat around names because we can get mislead, I got this
information and if these people knew they would probably have a
heart attack. I do not know so I am not going to name them. If

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MR. McNEIL:

the government wants to put the heat on them, go right ahead." I suggest that our wood consumption" - I will read this over for the minister again - "I

MR. McNEIL: suggest, that our wood consumption is not near as high as we are led to believe it is. I believe the discrepancy occurred with all the wood that has been lost at the mill through shrinkage and the thousands of cords that have been let go adrift in Bay St. George. The company now finds that the wood that has been delivered to the mill is now not there and consequently they conclude the wood has been consumed. If this is the case a saving of \$3.5 million per year can be realized from decreased usage." So if they did not use it, they did not get the saving, where was the wood?

MR. DOODY: Cut adrift.

MR. McNEIL: It is not there. Well some of it that was cut, - the wood inventory that was supposed to be there was not there.

AN. HON. MEMBER: We will accept that.

MR. McNEIL: It also further recommends cuts. Now we are talking about a reduction programme and has there been a reduction programme with Labrador Linerboard before the Advisory Board took over? Did the government ever make firm recommendations for cutbacks? Not closures now, cutbacks. Have the government ever made any recommendations?

MR. DOODY: Yes. - There were recommendations.

MR. McNEIL: Were they followed through?

MR. DOODY: In some instances.

MR. NEARY: Not very vague! The minister is very cautious about answering that one.

MR. DOODY: Yes, I am a very delicate subject.

MR. NEARY: We should bring Crosbie before the Bar of this House and make him answer for all the extravagance and waste and skullduggery that went on.

HON. MEMBERS: Oh, oh!

MR. McNEIL: A further point they bring out; they request or suggest to stop all grants through various organizations in Bay St. George and seriously take a look at postponing the grant for the town of Stephenville. I think that grant has already been postponed. But, Mr. Speaker, if this would have been carried out maybe in 1975, that is

MR. McNEIL: when it was suggested, some of these recommendations would have been carried out, would we be faced with the problems that we are into today? Not according to the wood figures! If our government did not interfere with management they would have brought down the wood inventory, they would have had a cash flow - and this has been the problem. They did not have a cash flow. Management said time and time again we have no money to operate, we have no cash flow. It would have cut our inventory down rather than having millions of dollars up in a junk pile - or in the stock pile in chips in form of wood. That ought to give them money to use in other areas and as you produced you got your inventory rolling, bring it in as you use it rather than nothing going out and everything coming in. It is costing you lots of money to hold on to that inventory.

This is the point I really cannot figure out. Maybe the minister can help me out on this one. The request, "Do not pay for any wood unless it is under company controlled, or loaded onto a carrier for destination to the mill." Now, have you been paying for wood that you did not have your hands on, giving out contracts and paying for contracts before they were met? Is this what is suggested? I found out in the last couple of days that we lost about 500 cords of wood through theft on the Northern Peninsula within the last year and a half and no action has been taken. It is unbelievable. Then we ask ourselves - then the government is saying it has to close, we cannot make it a viable operation, the mill will never operate. My God, with all these things going against it, how can it operate?

Our Chairman of the Board, the previous chairman, Mr. Crosbie, stated that the mill would never be a viable operation. Now what were we seeing here? Were we seeing hatred for another hon. gentleman, who served the country well, coming out? Was this the reason for that statement? Or did he actually mean it at this present time we do not have an economic wood supply, that our

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Tape 2471

LB-3.

MR. McNEIL: wood cost is so great that we cannot compete at this particular point in time. But he went out of his way to say that it never will be a viable operation and no one will pay a buck for the mill, that

Mr. McNeil:

a \$300 million mill. And today if you want to construct a new mill it is going to cost you well over \$400 million, and here we are ready to close it up and give it to the rats.

Mr. Speaker, another area is to renegotiate the power contract. We are paying a very high rate for our power contract. We pay for power generated at Holyrood when in effect we do not use it. It is astonishing. We also pay minimum charges and our electrical bills are three times higher than our mills. Well if we can subsidize Erco in Long Harbour, why can we not subsidize Labrador Linerboard a little bit? It is only money circulating.

It also goes on, to encourage and assist local operators to produce wood for us and skid it in Goose Bay and on the island. Encourage local operators. In the past year, especially in—well I know particularly in Bay St. George, the government has encouraged our people to get involved in the private enterprise, have given them out contracts, tell them that they—build them up and tell them that their future is in the wood industry, and the reports that you read in the Throne Speech going back over the years you will see there are a lot of emphasis placed on the forestry, the wood industry. It always comes up. That is one of our hopes. But is there much hope in the wood industry, if our Island cannot supply the mill in Stephenville with wood? And that is given to be the most single factor for the downfall of Labrador Linerboard, so we are told.

But that problem does not exist today. The wood cost is down and in line comparing it against Canadian standards, which are a high of \$75 per cord, and a low of \$50—not really, it goes lower than that really, but they are the two means used talking with the people I have talked to in the industry. Our market in themselves are not really a problem, so we are told. We have hit the bottom and we are moving back up. The projections in linerboard for sales is very encouraging, and it should be encouraging to the administration, in all different reports, from

Mr. McNeil:

all over the world, indicate that the linerboard industry, the market itself will turn around and improve, and your prices will increase. You will get a better dollar for your product. And if we follow the recommendations for a few of the capital requirements that were put through, can we not knock down the fixed operating cost which are suggested to cause many problems to the linerboard operation?

So if we look at the whole thing in its entirety, why did the government close Labrador Linerboard down? Why? I will tell you why. It is because of poor government management. They have mismanaged the affairs of this Province, that they got us in such a financial state that we cannot move. We are tied tight against the wall. The people on Wall Street they control us, the financial people outside of our Province.

And then we are told that Ottawa, Ottawa has not helped us. And yesterday I brought it forward; Mr. Jack Marshall our M.P. in that area, Humber-St. George's suggested, pointed out that very little or no effort, to his knowledge, was put forth in trying to utilize the marketing people at the federal level, the marketing people,

MR. MCNEIL: and at the very last moment a delegation went to Ottawa looking for a bail-out from Ottawa, at the very last minute, after they had their budget written up, after the decision was made to close it, after everything, after the fact. I have a memorandum somewhere around here where it states and is suggested to Cabinet to set up a wood harvesting corporation whereby the wood contractors, the people whom the government have encouraged to get into private industry, to take a risk, get out on their own, get involved, be entrepreneurs - set up a wood harvesting corporation that would buy the wood so as to give these people a continuous operation. This corporation then would supply wood to the mill when it needed it so that it did not have to carry the high inventory, therefore protecting the private contractors, trying to promote private entrepreneurship with the people getting involved in the logging industry; set up this corporation and the government would control it, they would fund it and any subsidies needed would be built in there. It would give the management of the mill more control over what they wanted to do. In this way if they did not need any wood they could cut back without hurting the people of Newfoundland, without hurting the contractors.

Our government, the Moores' P.C. Government - the suggestion came from Don Jamieson when he was in DREE - and what did they do? What did our government do, our Cabinet? They turned down the suggestion because they said it was too costly, because the subsidy looked enormous. Now the suggestion came from a federal minister and the information I have is that it was turned down in Cabinet in St. John's Newfoundland, not Ottawa.

Mr. Speaker, I am sure that if our government brought a good case to our federal government they would get all the assistance they require,

MR. MCNEIL: Because, face it, without Ottawa - they are the only ones who are keeping up their end of the bargain right now. If you pull all of the federal money out of Newfoundland, what do we have? For example, -

MR. MURPHY: Has the committee made any great representation to Mr. Marshall or the federal government apart from what our Cabinet made?

MR. MCNEIL: What committee?

MR. MURPHY: Was there any representation to Ottawa at all, to Mr. Marshall, your own local committee from Stephenville, has there been any representation? I am just wondering. Following your line of thought, I was just wondering. I know the Premier and some other had gone.

MR. MCNEIL: What committee? There is a local committee that just works from a general community point of view.

MR. MURPHY: From Stephenville? Have they gone with Jack Marshall, for example, to the federal authorities for any -

MR. HODDER: I could tell you about that.

MR. MURPHY: Yes, perhaps 'Jim' might know.

MR. HODDER: We approached Ottawa, but the Ottawa people said, as they properly should, that any approach should be made through the provincial government, which had not been made.

MR. MURPHY: I was just wondering how many representations were made.

MR. MCNEIL: I am sure the minister is aware that I cannot deal with Ottawa, that I have to go through the provincial government. Ottawa will just drive me back to the provincial government. The minister is aware of that.

MR. MURPHY: Not necessarily.

MR. MCNEIL: All dealings concerning Newfoundland and any project, has to go through our provincial Cabinet to go to Ottawa.

MR. MURPHY: That is the way to go, but all I was thinking about was pressure from your federal member with the groups of people would assist the provincial government in their efforts, that is all. A sort of pressure group, that is all.

MR. MCNEIL: It is amazing how much co-operation is received from the provincial government by our federal member. When they were up in Ottawa they did not even bother to consult with our federal member whose district that mill is sitting in. They did not involve him in the details of it. At least that is the information that we are getting back from that member.

Mr. Speaker, in the preliminary report from the Advisory Board the Board states, "The Board is therefore not yet in a position to make its final report to the government." Now that is very clear on page 2.

MR. McNEIL: "The Board is, therefore, not yet in a position to make its final report to the government!" Now the government is telling us that the Advisory Board has made their report and has recommended closure. But here we see in black and white that they are not in a position to make their final report to the government. Now something has to be totally wrong. If they were convinced that it would close, that it should close, should they not be a little stronger than that? Their final report is not even submitted. And the key problem with Labrador Linerboard is its wood. And that committee report is not in yet. What happens if that report comes back and it tells the government, 'We can get wood at \$30 a cord or in comparison with the U.S. mills?' What happens? That changes the picture totally. It will not be that low, granted, but it could be closer to \$50. It could be in a position whereby it could mean the tipping of the scales. If we are sitting on the very top, it could mean it could tip us in a positive direction. But no, they made their decision without having the final report of the Advisory Board. And the Advisory Board states in this report it is not yet in a position to make its final report to the government. And the most important report - the report dealing with the wood supply - has not been put in the hands of government, so we are told. Now maybe they do have it, but if they do have it, why not table it right now? And why have not these other reports not been tabled? Because there is a little bit of hope in them, a little bit of light down the road! It is not a doom and gloom report. If it were a doom and gloom report they would have it on the table, in stacks. Mr. Speaker, our government is misleading the people of this Province, maybe not intentionally, but by withholding information, by only giving out bits and pieces of a very doom and gloom nature. They are misleading the people. The people own that mill. They have a right to know every bit of information about the mill. Every year they should be given a cost analysis of the whole thing. And only this year we got the financial report, a couple of years old. There have been problems upon problems. But tell me any industry, especially a wood industry that is trying to

MR. McNEIL: crack a very tough organization, do they not go through very difficult periods? And does it not take more than four years - it is not even four years yet that we are into production - before they assess their total situation? And if it is out of control in year one, do they not try to bring it into control that year rather than increasing inventory, going against management's better judgement in industry and tell them that they must buy, that they must cripple themselves so that they will have no cash flow?, deliberately putting them under. Granted, maybe it was not intentional, maybe it was a very honourable thing. If I were sitting in the minister's position, maybe I would make the same decision. But I tell you one more thing I would do: I would lay the information on the table. If the information is going to be against the industry continuing, if we have lost and you admit, "It is going, it is gone, it is doomed," lay all the facts out and you never know - someone might just pick up some little thing that could change it. And it seems to be at a point where it could be changed. It seems to be the efforts of the past six months by a total co-operation within the community itself, working with their new mill management, working with their Advisory Board - the politicians themselves, we as politicians in Bay St. George, I, myself as the sitting member for Stephenville, have deliberately played down any political environment, any political involvement in Labrador Linerboard.

I did not trample on the government's toes and I do not think the government can accuse me of that. But I am sorry. Maybe I made the wrong decision. Maybe I should have come out from day one

MR. McNEIL: and ask for the Government to resign because they have blundered. There is no way that they will bring it all together. Maybe I made a mistake, but down in my heart I felt that if they are given a chance - they are in a difficult position - if they are given a chance and encouragement to continue, because it is an uphill battle, and encourage them, that they will come through. I have talked to the members on this side and I continued; time and time again, I said, "Go softly on Labrador Linerboard - encourage them because they need all the encouragement". We tried to play the political thing down, because it has been a political football from day one. I think I made a mistake. I should be like the hon. member from LaPoile (Mr. Neary), sock it to them. They do not care about you. They do not care about the people of this Province. They only care about themselves staying in office, and they do not want to do anything when they get in that office as well. They are not interested in doing a job.

But it goes on a little further and it says, "The Board intends to continue its work under its terms of reference and expects a final report to be available in one or two months". A final report, and that final report deals with all the reports. We are told that this is supposed to be one of their final - or supposed to be the final report, so we are led to believe.

MR. DOODY: Preliminary report.

MR. McNEIL: Preliminary report? My God! The stuff that is in this here and comparing against this - there is no way you could table this in the House and say, "The Board has made a decision in favour of closing Labrador Linerboard", and ask us, the people of Newfoundland, to swallow it. Well, at least there is a sentence in this here that leaves it wide open: "The Board did not recommend closure". Maybe it was one of your bureaucrats or maybe the Secretary of the Board. If he is responsible to do this, maybe he changed some of the words in this. Mr. Sweeney seems to be upset with the bureaucrats. And how did Mr. Martin get on the Advisory Board? Why should he be

MR. McNEIL: involved in the Advisory Board at this stage of the game? To make sure that he proposed closing it down as it was a drain on the Province,- to make sure that he would see his work completed, and not to respect the people who work in the industry and would advise him on the industry itself. He has his own mind made up in a set of figures and works on it in that line. Maybe as a finance man he is a very excellent finance man, but as a person who is maybe going to change the direction of our Province, I do not know if he should be given all that power. Maybe he is the hatchet man. Maybe he has to take the brunt of it all. I hate to mention names - and I should not mention names - and if his name can be withdrawn, I would like to take it out, but it is -

AN HON. MEMBER: (inaudible)

MR. McNEIL: Well, I said before, as a finance man he is maybe excellent. I have not met the gentleman -

AN HON. MEMBER: (inaudible)

MR. McNEIL: - and that is beside the point.

Another point, Mr. Speaker, is our marketing condition. Our markets are weak. We are just coming out of a time when the markets have just completely dropped and just coming up, and if you are looking at a graph scale on different reports, and I have seen them from different countries giving a marketing forecast,

Mr. McNeil:

and they all point towards an upward trend. Now going back to almost two years ago - I was looking at the market forecast - and on the reports taken from different countries, a lot of them are going down. The U.S. was going down and it was coming up. The U.S. was the only bright picture, going back about two years ago. But less than a month ago I was looking at some reports and the graphs were all going up, all pointing, all positive, pointing toward the market forecast to improve, way different than two years ago when the same volumes or the same types, when you look at them in the different magazines, were pointing that the market was dropping, and that the people in industry were hoping against hope that it would not drop as far but it still continued to drop. But now we are seeing a different thing. We were told if we hang in there that possibly what we have on our hands is a gold mine. It could probably pay for itself. And surely if we are looking at the future of our Province, by the year 2000 how much more valuable is that wood going to become? And are the products going to increase in its prices?

We are told that before it is economically viable to build a new mill the current prices have to increase by over 50 per cent. So if that is any indication they are not going to see any new mills coming on stream. No new mills are being built, or very few or very small, they are not really going to affect the market all that much. And if we put more effort in trying to obtain the markets, our Canadian markets, maybe we will get our foot in there. Maybe it is the Canadian picture we should be looking at.

Our marketing people that we had, International Forest Products, were a U.S. firm, controlled by the giants in the U.S. because they were only a peanut operation, they could not give us good advice. We would be better off tied into the whole Canadian system in marketing. The fact that Consolidated Bathrust has given a couple of their key men to work in Linerboard to try to find a solution must prove or must indicate that maybe they are good

Mr. McNeil:

corporate citizens and are trying to see some industry succeed. But maybe their involvement is only a very selfish one. Maybe the government has not given us all the facts with regard to the setting up of the Advisory Board. Was it a smoke screen for the government to get them off the hook, to get the political pressure off the government? And if that is the case it is much more serious, because you have used people in business, people highly competent, business people respected across Canada, have used them, have made fools of them for political reasons. If that is the case, Mr. Speaker, we in Newfoundland have not got a chance because no government, make no matter what it is, will be ever trusted again. No Newfoundland government will be ever trusted anywhere in the world, not alone even by our Newfoundland people. If we use this type of people, these business type of people, if we use a man like Mr. Sweeney who came in here, and with thirty-five years of experience in the business, if we use him for political reasons, how do we expect to have any type of reputation in the financial world? Because actually if what Mr. Sweeney is saying, and if the recommendation of the Board is right, taking them all, they can all probably be challenged, all right, and maybe it is not all fact, maybe they could be a little bit misleading in some areas, but if the government do not lay it on and if the government are using these people, and it indicates that they are, if you are not giving all of the information out we will never know, we will always be wondering, and the government will never be trusted.

Now, Mr. Speaker, the Premier when he set up the Advisory Board he came into Stephenville, set up the Advisory Board,

MR. McNEIL: had meetings, separate meetings with groups of people. The people then thought it was probably, you know, a way to get the political pressure off themselves. But when they looked at the whole board they could see some conflicts. But they looked at the men. They said, "Well, they are highly respected businessmen. And I do not think they would put their reputation on the line for any political advantage of the Newfoundland Government. They would get involved to do a job." And it looks like they have got involved and they have done a tremendous job. The information that they are bringing forward is startling. But our government is just brushing it aside. Why? Why?

Mr. Speaker, if we are doomed, if the Labrador Linerboard mill could be turned around, and the government agree that it can be turned around, but the fact is that we are bankrupt and we can not, you know, as a province we are gone, well if that is the case, tell us. And yet, why, on the other hand, do you have a minister of the Crown in his district, before the budget speech, announcing was it a million dollars paving programme in his district?

MR. WHITE: A million dollars.

MR. McNEIL: A million dollars.

MR. WHITE: The day of the budget.

MR. McNEIL: The day of the budget or before the budget?

MR. WHITE: The day of the budget

SOME HON. MEMBERS: Oh, oh!

MR. McNEIL: Mr. Speaker, if our Province is gone and there is no way of turning it around, how does the Minister of Fisheries intend to turn the fisheries around? And there is a gigantic job ahead of him there. That is one of the bright areas we have in the Province. But the problems are the same - the same as the forest industry. The forest industry is one of our hopes. I am told that the timber concessions - there can be a solution reached whereby it can be worked out between the three companies. I am told that the problem does not lie there. The Premier said himself - he said, "The wood problem is no longer a problem."

Now in everything you read in Hansard going back to day one it states the biggest problem is wood. But the Premier said himself,

MR. McNEIL: "The wood problem is no longer a problem." Now he did not say that publicly, but he said it personally to myself and the member for Port au Port (Mr. Hodder).

So if the wood is no longer a problem and the markets are no longer a great problem - but there still are a few areas there they have to improve and they are continuing to improve - what is the problem?

AN HON. MEMBER: Government.

MR. McNEIL: No, well they said, "We still have high fixed costs." Okay. But the Advisory Board has pointed out where they can cut down their high fixed costs and make a saving on the capital money they spent to pay itself for three years. They have pointed this out.

So if we have no wood problem, we do not have a serious market problem like we did before - and the operating costs can be cut down and any investment made in capital improvements - can be made - will pay for itself within three years, why are we closing up the industry now? Why are we closing up the industry?

SOME HON. MEMBERS: Oh, oh!

MR. McNEIL: Now when you look at the Linerboard industry or the paper industry, your wood is your major component. And the wood problem, as we are told, is no longer a problem. Then what is the problem? As a Province, are we bankrupt? Well, we can not be, because the Minister of Mines and Energy -

AN HON. MEMBER: (Inaudible)

MR. McNEIL: before the budget day or on budget day announced a million dollars for the work

MR. MCNEIL: of paving in his district. Well if we are bankrupt we cannot afford to pave any roads. So I cannot understand it. As a simple member from Stephenville I am just stunned by it. I just cannot believe it. What is the government hiding? If they are going to close the industry, lay out the information. What are they scared of? Maybe they are going to find there has been a lot of hanky-panky on the go. Maybe it is going to be an embarrassment to the government. You are willing to bring it out. You are saying that we are in a bad financial state. You are admitting that. You are admitting that there have been abuses in the past. You are willing to confess. But you are not willing to confess totally only partially whereby it will benefit you politically.

Mr. Speaker, it is a desperate situation. I do not know how a member can represent his district. He can plead and encourage the government to work in the best interest of, not only his district, but the people of Newfoundland. He can go back to his people in his district and he can say, Look, there is a financial squeeze here. That operation is going to cost the Newfoundland people millions and millions of dollars. And if you lay all the facts out they would probably be the ones who would bring the suggestion forward, if that is the case maybe we have to close it. They would be the ones. They are not selfish, they are ordinary people who are just struggling for survival, just struggling for existence, they want to see some hope down the road for their children, they want to see their community grow, they want to see their Province grow, they want to see Canada grow. We are into an age now where many of the people are educated. We are not illiterate. We have understanding. We are willing to listen to reason, but we do not understand all this secrecy about an operation

MR. MCNEIL: that we are told is doomed on the one hand, by the government and some of the government officials, and then on the other hand, by the people in the industry, the experts in the field who make things run and happen, we are told that it can be turned around.

Yes, they agree that it has many problems, they agree that it has been a sloppily run operation, they agree that it is the most horrifying operation they have seen in the past, and also they feel that these people working at that mill have been - well, for example, I can mention going back about a month after Mr. Sweeney the new president had been appointed to the position, I did not approach him, I would not approach him because I said, No, I would rather not get involved because he is one of those guys planted there by the government. This is only going to be a little bit of a political hassle, no, I will stay back. So I got my feedings through the men themselves working in the industry. The men themselves started for once feeling positive that we had somebody up there who knew what he was doing. This guy is going to turn it around. And when he calls in his supervisors he does not call them in to have a little drop of tea or coffee, he calls them in to straighten up a problem. He does not bother with them on a little social basis, he is in there to turn the industry around. And every moment of the day he deals with his management people. He calls them in and whatever the problem they discuss it, and they work it out, and they get the thing wolling. And that all feeds back to the people who are working there, the workers.

The astonishing thing he did say is that when he first went there, after a week or two he went in and walked around the mill and he went into the control room, and one of the panels were off - something was gone - I think one of the panels were all

Mr. McNeil:

down and the Comptroller was in the room, and he did not know Mr. Sweeney, he had not seen him before. There a long time people in the mill working there did not see him, did not know what he looked like. So he used to move about in the mill talking to the men, they did not know who he was. And he went into the Control Room, and a fellow who was working there is a graduate out of one of the schools in Stephenville, one of the high schools, the first job ever, went into the Linerboard Mill. A young fellow, a young man, he was seventeen when he went to work first. Three years - well he was going on his third year, he had not completed his third year into the mill operation, He was in the control room and he was giving back information back to the President of the company, who he did not know was the President, and he was telling him, "Even though this panel is not working it is still feeding me information. this panel is still feeding me," and he said, Mr. Sweeney, he said to me after, he said, "Do you know," he said, "that that young fellow only three years in the industry," he said, "I would compare him against any man in Canada with twelve years experience."

Now that speaks very highly of our work force. And what are we as a Province doing? Now why was that young fellow so interested in learning the whole - out of his own job into any person's job - why was he feeling so interested in the job, and in the operation? Because he knew that Labrador Linerboard was into a serious problem. He was willing to go out of his way to find out how the thing worked, and to find solutions. And even though some of the panels were down, and some of the equipment not working, he still had control of the situation. He had the total thing in his hand, and he could feed out good information.

And now we see where our government because of the past years, and they have been bad years, I would say, with Linerboard. It has been unfortunate that you had a President who never ran a mill before.

MR. SMALLWOOD: With a boss.

MR. MCNEIL: With a boss, yes.

MR. SMALLWOOD: Because he knew even less.

MR. MCNEIL: And he was willing to be swayed by the political figures. It is unfortunate. But this man here was a man in industry, a tough man, I would say, and he knew what he was looking for. And he knew the equipment after sizing it all up and he knew that it could produce. And he knew that the work force was there. And the management people he knew how to haul them in to make them work. He knew it. Why? He was not blessed with any great intelligence, well probably he was, I do not know. But the thing is he relied on thirty-five years of experience in the paper industry, thirty-five years. And if any man could pull it together he could. You know, he is a hot Irishman, maybe that had something to do with it. And he had a positive will. And from day one he took only one approach, that the mill can be viable and it will be viable, and I will turn it around.

MR. SMALLWOOD: He did not have any more violent will power than John Crosbie. What he had that Crosbie did not have was knowledge.

MR. MCNEIL: There you go. Exactly.

MR. SMALLWOOD: Experience.

AN HON. MEMBER: direction.

MR. SMALLWOOD: He knew what he was doing.

MR. MCNEIL: Exactly.

MR. SMALLWOOD: The young man only was a bulldozer.

MR. MCNEIL: Right.

AN HON. MEMBER: Only a boy.

MR. MCNEIL: So, Mr. Speaker, I think that our government has acted prematurely. The Advisory Board Committee states that they have not had in their final reports and they are not in a position to make their final report to the government. So why did the government make such a decision in the light of the past six months? Now maybe in the last six months, maybe our government has not been kept informed. Maybe you are only going on the information you had

Mr. McNeil:

maybe six months back or a year ago. Maybe that is the case. I do not know. But I am telling you gentlemen you do not know the situation as it exists in Stephenville today with regard to the positive feeling and the efforts that this man has done, this one man, and with the group of people and the Advisory Board has done. Now maybe the government has encouraged them, has given them all kinds of room to move. No doubt they have.

• But the point keeps coming back to me is that the government had made their decision to close before they had all of the reports from the Advisory Board, before they had all of their information.

MR. MCNEIL: It is amazing that the idea of setting up that board so that you would get the best people in the industry, the best people to advise you on what to do, and now you are ignoring that advice.

In the last six months there have been fantastic changes in that mill, and its production record, when it breaks an existing record, when it breaks it, it speaks for itself. And when it points at ways whereby you can save money with a alittle bit of capital investment which would pay off itself in three years and if you continue that type of an operation you should be able to meet with a little bit of success, and if we cannot do it with all the plus factors we have regarding Labrador Linerboard today, we have not got a prayer in hell in anything we do in Newfoundland. And I do not care what government is in.

This is one issue - well it is not really an issue - it is an industry whereby both governments were involved. There is co-operation on all sides I think per man, every person would like to see it going. There might be a little bit of hatred or petty jealousies or something like that, but per man I think every man would like to see it going, would like to see it contribute something back to our Newfoundland economy. But what are we doing? We are closing it. Even if it only broke even, that in itself would be contributing something back to our Newfoundland economy and that can be achieved.

Mr. Speaker, there is a lot of information dealing with Linerboard. Maybe Linerboard is a scapegoat for projects like the Churchill Falls where we sink a lot of money and get nowhere. Maybe there has to be a sacrificial lamb. But I do not think our government understands what it is doing to our people. They are a younger breed of people. They are going to be scarred for life going through this one. It is a young work force who have given everything and have showed themselves very

MR. MCNEIL: capable and we are going to throw them aside, very, very unfortunate.

And I heard it mentioned in Stephenville several times - Well you were given the Linerboard mill, what more do you want, we are spending millions and millions of dollars down the drain. But, Mr. Speaker, it must be remembered that the people of Stephenville did not ask for a Linerboard mill. They asked the government to utilize the fantastic real estate that was left by Uncle Sam, a gift to our provincial government which cost millions upon millions of dollars, probably billions if you had it all tallied out. It was a gift to our provincial government. So the investment they made in the Linerboard mill is not totally gone down the drain. The factors that have come forward to date pointing to where it can be a viable operation within the distant future and if market prices increases, as it is surely going to be, at least break even on its operating expenses, three years from now we will be making a gain on our operating expenses, so for two years we are almost breaking even. It is unbelievable and then we want to close it.

MR. MCNEIL: Mr. Speaker, maybe it was sabotage from day one. Maybe Mr. Crosbie in a way unknown to himself tried to destroy an industry that was set up by a previous administration and by a man who has done a lot of things in Newfoundland, maybe all of them not good but he has a fair track record. I must say much better than the present administration's track record.

One thing I have to say for the hon. gentleman, he always took a positive approach. Maybe sometimes a little bit too positive. What we are seeing today is the other extreme, too negative, give up before you start.

If I can get back to this cost reduction programme again. Another point that they mentioned, this is back in 1975, they requested - Stop delivery of waste paper under the CIP contract until the mill is in a position to handle it. From what I understand we were locked into a contract which delivered waste paper, cardboard boxes, strippings to the mill, and I can swear on a stack of bibles, because I saw it myself, it came off the train, put on the ground, was there for a day or two, a payloader came up, scooped it up, put it in the back of a dump truck and off it went to the dump. It did not go to the mill for recycling.

Now they found out after they were locked into this contract that they could not use the amount that they thought they could use. But I am told that if they got the proper secondary fiber handling system they could use much more and they would be able to - the things that are - well there were rocks, there was everything into it, they could not use it because it was spoiled, it had to be kept in a good condition. They could sort it out, throw away the bad stuff, and let the good stuff go on through and be used. And the fact is here that a ton of this stuff produces nearly - well almost a ton of Linerboard. It is almost a one to one ration, not quite but almost a one to one. Wood itself

MR. MCNEIL: you have got a two to one ratio, two cords of wood per ton of Linerboard. But on this waste stuff you almost get a one to one ration. It is roughly I think ninety per cent according to the industry figures.

But here we got locked into a contract, without going into any capital expenditure trying to use up that inventory that we have and knowing that we cannot get out of the contract apparently was supposed to be a fair contract because if you could use it the company would make money. But they would not go into any capital expenditure in trying to set up a proper secondary fiber handling system. So as a result you were looking at losses, stuff transported in and then brought directly to the dump. And the yard is filled with it down there, still down there. Now I understand this contract is no longer in existence. They stopped bringing it in. I hope they have.

The ideas were good, trying to put in the secondary fiber system and trying to utilize that, that would be a supplement to your wood. But the proper machinery was not installed. Again, and it is pointed out in the report, that if this proper machinery was installed well then that would cut down some of your high operating cost. It surely would because it would bring down your wood costs which is a basic thing.

Some Linerboard mills that is all they use is a secondary fiber. They do not use the wood. They only go into

MR. McNEIL: the secondary fiber and when you get a cardboard box coming into Newfoundland and on the box it states "Because of the world shortage of Linerboard please return the box" that came from Europe, amazing! Because of the world shortage in Linerboard or in boxes please return the box, so it is return box to be recycled to be used again.

So, Mr. Speaker, -

AN HON MEMBER: (Inaudible)

MR. McNEIL: They need a proper screening and a few other little things like that, It is in the Capitol Requirements Committee report, it is in that and it gives the -

MR. MURPHY (Inaudible)

MR. McNEIL: No, not the proper - it was not in there, no.

MR. NEARY: I see.

MR. McNEIL: Another thing to remember is the bark system that was put there, that was established, that was put in there to utilize the Labrador wood. So the thing now is that we have to refine that machine or get another one and it is reported in the committee requirements that with a proper bark system we could use our bark to supplement our fuel, again showing a saving in the vicinity of eighty per cent on our fuel.

So all the things are there but it is going to probably take a little bit more capital expenditure, a little tight control' which we seem to have now, a little better management, which we seem to have now, and no political interference but political encouragement to continue the industry the way it should be continued and promoted. But that is not the case, now again we are seeing political interference where they are giving up, they are going to close it down - not only destroy the industry itself but destroy human lives. And then they mislead the people of Newfoundland. They only give one side of the coin, they say it is going to cost just as much per person in order to keep Labrador Linerboard going, a \$54 million

MR. McNEIL: loss, they did not say on the other side it is going to cost X number of dollars whether she operates or not and the difference is not too great as a matter of fact you may come out on top with a continuing operation when you look at the total scope of the industry and how it constitutes to our Newfoundland economy.

And look at it from a financial point of view, from the market place, how has the evaluation of the Canadian dollar helped us on the market place? I am told that it has helped in the market place itself but when you look at - I understand with our bonds and what we have out there is a great loss there because of the tie in with the Deutsche mark or something, but I can understand that but that is in the past and we got to try and overcome that difficulty -but right now today. And if we utilize the marketing expertise that is available in Canada - even through our federal government, could we not step up sales? But no company is going to buy from Labrador Linerboard if it is in a very shaky position from a month to month basis and if you show a great improvement in your total operation in the industry whereby a management comes in and makes a world of a difference - a few key management people.

Mr. Speaker, I am puzzled, I really do not understand the reasoning behind a lot of the government decisions. They must have all the information, they agreed to table the information in the House pertaining to Labrador Linerboard, the majority of it, We have got very little. They agreed from day one when they set up the Advisory Board to stay in close contact with the people of the area, work with the management and union -

MR. McNEIL: no co-operation! They agreed to work with the joint councils to try to keep them close to what is going on - nothing! Only when they want to make a drastic decision, and they lay it on the people, not in a gentle way, but they drop it like a bombshell and they drop it to all the people of the Province through the means of the media. And they do not speak to the people in that area who are firstly affected. The message is to the people of Newfoundland, all of the people of Newfoundland to turn them against the people in the Bay St. George area - play one against the other because they voted maybe Liberal in the last election - so they will be punished for their evil ways. Mr. Speaker, if that is the type of politics that our government is carrying on, we are in a very, very sad shape.

Another example of, shall we say maybe gross mismanagement at the mill level is that when the Medieva Reefer, I think is the name of the ship, went aground off Stephenville, one of the mill management people took over total control of the situation. Labrador Linerboard took over as the ship's agent - I think that is what you refer to it as, ship's agent - so they incurred all expenses of the crew, - sent them back to Japan, wherever they were from. And Labrador Linerboard paid the shots, - paid the shots in the amount of about \$40,000. And I am told today that amount is still owing, \$40,000 still owing to the mill, made by a management personnel stepping out of his ground and into a situation he should not be into. Now granted, you know, this is going back before this past six months and the tightening, but this goes to show how loose management was in that area. Because they knew that was a government-owned mill and the government did not care about the financial picture - lots of money, let her go. So they were not managing. They were just letting it go loose. And they could not manage because they had previous example where government was to interfere in some of their management decisions. When they requested to reduce their inventory, when they asked the government to cut back - they wanted to cut back 40.9 per cent on their inventory - the government came back, the owners of the mill, said, "No, you will not cut back.

MR. McNEIL: You will increase it." That is political interference. So why would a person in a management position who is getting paid a nice salary - why should he care about trying to keep things tight and make the operation work like it should work? The buck did not stop with them, it was passed on to the government. So they let her go loose. They said if the government is not going to worry, why should we? And I would do the same thing if I were in their position. So you can not blame the people who are there. And your key man had no experience - the president had no experience in the industry before. He was never a president. I do not think he was even a vice-president, I am not sure. And he could not make any decisions totally on his own, so I am told. He always had to go back to his Chairman of the Board. And I can understand that, going through the difficult, the early start-up years. I could understand that maybe even going until you reach the point where you are breaking even. But I do not understand when the recommendations for a cut-down in the inventory from management because of poor market conditions - and they were forecast, they were warned - and they requested approval from the government to cut back even though it affected a few other people,

MR. MCNEIL: so maybe we should have set up this wood harvesting corporation separately. Maybe that is where the government should have went. And that suggestion was brought forward to them by the hon. member Don Jamieson. And I am told that the decision was refused because the cost was so high, because you were looking at a wood of \$104 at that time and the figures, if I can remember correctly, were still up over \$20 million in subsidy. But if the government would have said, Okay, the wood contracts, we will take care of that. We will make sure that they do not go bankrupt, go underneath, and you run the operation like you should, keep her tight. But they did not do that. They interferred. They told them. And then when you look at the shipping contracts, the shipping contracts in itself - the shipping contracts, we are told, I am told, have cost our Newfoundland Government, or have cost Labrador Linerboard, either one, so much that we could have actually bought the ships. Now if that is the case maybe we should just ask the Marystown Shipyard to build us several ships to suit our purposes and there would be more money floating around in the Province, more jobs, and they would be our own ships, owned by Labrador Linerboard or the government.

In the Goose Bay area we saw them close it out. The area, I am told, is dying a slow death since - well they started last year. They started a little bit ahead of us. We are about a year behind, but we are surely dying. But the government says We do not want to hold out any false hope. We have this guy VanBeke - is it, [?] VanBeke, yes. He is going to come in and he is going to buy all the wood and he is going to sell it in Europe.

AN HON. MEMBER: We never gave him any money.

MR. MCNEIL: I never said you gave him any money. But you held out a false hope again, tying him in with an operation, saying

MR. MCNEIL: that Mr. Van Beke will probably cushion the blow a little bit because he will pick up these contractors who are out of work, pick up these men who are out of work, give them jobs.

AN HON. MEMBER: Who said that?

MR. MCNEIL: I can find press releases. I can bring them out. You have read the papers. You know it. Do not kid yourself. But today we find out that Mr. VanBeke has done very little, very little in order to cushion the effect that is happening up in Goose Bay itself. And by Spring when the Carson comes on stream again you are going to see the people coming back to the Island. They are going to leave there Why stay? There is no work. There is no future left there. They are going to come back to the Island, but what for? There is going to be nothing here either. So they might as well just agree to send them off maybe to Alberta. There are more Newfoundlanders, I am told, up in Alberta right now that they are thinking of cutting them off. Dealing with Canada Manpower - well anyway through Stephenville it is very difficult to place a Newfoundlander up in Alberta right now because there are so many of them up there that they are trying to cut off the Newfoundlanders who are going up, a miniature Newfoundland up in Alberta.

But they will realize in a few years when the oil runs out that they are going to have to come back maybe to the Island or some place again. And here we have a natural resource like our fisheries and our forestry which are continuing resources and we cannot make a go of it, maybe we should forget staying in Canada and go to Russia.

Mr. McNeil:

Mr. Speaker, going back to about a year ago and the possibility of the Labrador Linerboard closing down, the supervisory personnel at Labrador Linerboard, who are competent people or can be when they want to be, and when they are put in line can be competent, they put forward in The Western Star figures. Labrador Linerboard - White Elephant or a White Mouse - in big print in the newspaper. What they were trying to do was trying to get across to the people the complexity of the whole operation.

Labrador Linerboard shutdown cost to the Newfoundland Government. They take in increases in social services, provincial portion income tax, loss of sales tax, loss of rental income in the Newfoundland and Labrador Housing. I mean, that is a story in itself the Newfoundland and Labrador Housing. An area that has been kicked, the government in their wisdom kicks the people again. Default in government guarantees, Bay St. George municipalities, Bay St. George School Board. I am told that the - speaking with the Chairman of the School Board in the Port au Port district just Saturday, he feels that if Labrador Linerboard closes their school board will go bankrupt. They are in a situation now where they are seriously thinking about not opening the schools in September. It is that serious. They are trying to make their ends meet and they cannot, and now the possible closure of the whole mill operation it looks like they are going to be in a desperate situation and possibly will be going into bankruptcy. So it is going to be a shoot off operation; you are going to see one failure after another. We have the infrastructure there, we have two fantastic Dree schools, we have the facilities there, and now with the closure of the Linerboard Mill you will see the town population will probably be reduced to maybe at least three-quarters of what it is now, unless people just decide to stay because there is nowhere else to go.

The whole school board situation, that is dealing with the Port au Port School Board situation; the St. Georges School Board are in a similar type situation. You are going to have

Mr. McNeil:

the enrollment decrease if the mill closes. You will have teachers leaving the area. So the whole basis of the economy in Bay St. George is going to go, and it is going to be felt not only in Bay St. George, Corner Brook, Grand Falls, it is going to be felt here in St. John's. The Board of Trade in their news pamphlets indicate that the economic future of St. John's is going to be greatly affected indirectly by the closure of Labrador Linerboard. It is going to cause shock waves across the Province, and there is no doubt about it. They realize that without the rest of the Island there is very little in St. John's or it will not be the thriving place that it is now because the St. John's area service Western Newfoundland or the rest of Newfoundland basically.

The investment that is put into Area 13 by the Newfoundland and Labrador Housing Corporation will be lost. It is an area they developed for future development.

MR. MCNEIL: There is an area there they have spent millions upon millions of dollars on and there is not one single house built upon the lot. And with the closure of the Linerboard industry there is going to be again millions of dollars out down the drain. Would it not be a better approach if the government tried to turn things around?

They also go down, they quoted a few other areas, the area thirteen white elephant, replacement of Labrador Linerboard capital cost, the interest, Newfoundland Hydro, Water Authority. I am told, the minister can correct me on this, \$250,000 you pay federally for you water usage. \$250,000 that is paid to the federal government for the commercial use of water.

MR. DOODY: That may have been one of the old AIB water systems.

MR. MCNEIL: I got somewhere in some of the information I got here there is an amount that is being spent and it will be continued to be spent whether it operates or not in the amount of \$250,000 a year and that is paid to the federal government commercial use.

MR. DOODY: It may be in the amortization clause report, I do not know. It is not a number I am familiar with.

AN HON. MEMBER: That is one of the industrial water systems.

MR. DOODY: Yes. Amortization in the industrial water system.

MR. MCNEIL: And this dumpage - unused wood inventory, and termination of employees in their estimates - now this is only the advisory personnel at Labrador Linerboard, they estimate year one it will cost the provincial government \$62 million to phase out, year one. And they go on for a continuing cost of \$40 million per year after that. And the figures that I have seen, that the minister put forward, they are not too far off.

And then they go on - Can you estimate the cost of the following, other than the provincial government? Unemployment insurance, Canada pension, failure of

MR. MCNEIL: secondary business, personal hardship from revenue loss, federal portion of income tax, community breakup, schools, hospitals, air travel, ship supplies, etc..

Mr. Speaker, we are in a very desperate situation, our Province, and it is very sad when our government in their wisdom, are going to turn one part of the Province against the other. The people of Bay St. George are being sacrificed for political expediency, or whatever reason. The people of Stephenville, Bay St. George area are being given a good kick in the pants. Why? The only reason that comes to mind was the fact that they voted wrong or right in the last election.

The government are saying they cannot afford to support Stephenville any longer. But what is the government actually saying? The Province is gone bankrupt. We cannot afford to keep any other community going and that one community is better than another. Is this what the government is saying? - that St. John's is better than Corner Brook and Corner Brook is better than Stephenville. Is this what the government is saying?

Mr. Speaker, I have got more information regarding a few other memorandums which are supposed to be confidential memorandums. I have not got them at my fingertips right here. It brings forward information pointing towards government interference in the total operation. It shows where the government has caused the situation, not totally within themselves but have been a major factor in causing the desperate situation that Labrador Linerboard is in right now, because of political decisions,

Mr. McNeil:

not businesslike decisions, and it may put the management into a very bad position whereby they no longer manage, they left it in the hands of our government, which we are not concerned with, which were removed from the situation, and could not manage the operation anyway because they are not directly involved in it on a day to day operation, and you must be involved in a day to day operation in order to do a good job.

I could go on maybe a little longer and give more information, pertinent information regarding the whole operation. But I felt I have taken quite a bit of time in speaking both this morning and this afternoon. I feel that our government has made a wrong decision. I feel that they can, if they want to take the bull by the horns, turn things around. They have the co-operation from everyone in this House, and particularly from this side of the House. We have tried to encourage the government to stay in there, to build the operation, turn it around. What more can you do? And I do not want to reduce the debate down to a level whereby we are making personal accusations against one another.

So maybe I should rely on my memorandums, my cold facts, to state it as I have it and pass it on, and not to try to make any judgments. I have tried not to do so. I have more information and I hope that other members will, particularly on my side of the House, speak on Linerboard. When I collect the information I will give it to them and they can probably bring the information forward. And I do hope that our Premier will say a few words, and maybe bring to light some new information, if I am wrong, to straighten me out. But I want to see the facts as they are, and I would like to see them tabled. I think that our Newfoundland people have been misled long enough, and they should be told the full story, the full story -

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: -not half.

Mr. McNeil:

Mr. Speaker, in concluding my remarks, the last time I spoke in the House was before the Budget, and I did say in a joking manner that my knees were wore out from praying. But if I thought that there was any way that our government would listen and try to have compassion in their hearts and understanding for the people of Newfoundland in the direction we are going, I would definitely get down on my knees and stay on my knees to make sure that things would happen in a positive direct way for the betterment of this Province. Because as I see it now, and the information that I have before me, and I do feel strongly in my heart that we are drifting downwards fast, and that if we are going to change anything it has to be done now, not tomorrow, not with some other project, it has to be done now and it has to be done with the Linerboard project -

SOME HON. MEMBERS: Hear, hear!

MR. MCNEIL: - because it can be a viable operation.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon Minister of Justice.

MR. HICKMAN: Thank you, Mr. Speaker. I would just like to make a very few comments on matters raised by hon. gentlemen opposite, in particular the hon. gentleman from Eagle River and the hon. gentleman from Stephenville.

May I first say in response to the main thrust of the speech from the hon. gentleman from Stephenville that particularly this morning I felt he articulated very well indeed the concerns, and the justifiable concerns, the understandable concerns of the people who he represents in this House. The reason, Mr. Speaker, for the motion, the way that this motion was framed, was to try and get away from partisan debate when dealing with what in my opinion is one of the most serious of soul wrenching issues that have come before this legislature in a long time. But such has not occurred, I have been sitting here and I have listened to accusations that really are not worthy of response.

Bay St. George is being made the sacrificial lamb because it voted liberal: That is not the kind of statements that I would expect to hear when what we are struggling and what we are seeking to do under this resolution is to find ways and means to rectify problems that were not of this administration's making. Mr. Speaker, may I direct - and going back over history will not get us very far and it is not very revelent and I see no point in really going back beyond the debate that took place in 1972.

But may I say, may I remind hon. gentlemen opposite that in 1972 when the bill was brought before this legislature to set up a Crown Corporation to take over what was then the defunct construction of the mill, that there was not one opposing voice in this legislature. And I have Hansard and everyone voted for it and supported it.

MR. NEARY: There was one opposing voice.

MR. HICKMAN: There was not one opposing voice. The hon. gentleman from LaPoile did not participate in the debate.

MR. NEARY: The hon gentleman from LaPoile did participate in the debate.

MR. HICKMAN: The hon gentleman from LaPoile, Mr. Speaker, on two days, and the debate lasted for two days and I have Hansard, May 4th and May 5th, the only time the hon gentleman from LaPoile that I can see here was on his feet, was when he rose on May 5th to support a petition presented by Mr. T.M. Doyle on behalf of the people of Gallows Cove, and he supported another petition by Mr. Leo Barry on behalf of the people of North Harbour and he supported a petition that was brought in by Mr. P.S. Thoms on behalf of the people of the Glovertown area. Now I may be missing a Hansard but the debate -

MR. NEARY: I am afraid you are, because I -

MR. HICKMAN: -opened on May 4th and closed late in the evening on May 5th, and if the hon gentleman can find where he made a speech and if he will direct it to my attention I will be more than happy to correct the record.

MR. NEARY: The hon gentleman talked about the hate campaign that was that was being carried on by the administration, and do you not remember the witch hunts?

MR. HICKMAN: All this silly nonsense of running away from the issue and running away from what we have to determine, about hate campaigns - if Mr. John Crosbie -

MR. NEARY: You were on a big witch hunt at the time.

MR. HICKMAN: If Mr. John Crosbie wanted to conduct a hate campaign against the former Premier of this Province, all he had to do was say that there is \$170 million, or whatever it was, sunk into the Linerboard mill, it is half finished and let us cut our losses and get out. And he had at that time most assuredly the endorsement and the full support of the people of this Province, and that is the way - if there was any hatred - but on the contrary, Mr Speaker, with the

MR. HICKMAN:

support of this House this government decided to embark -

MR. NEARY: Is that not the year they sent the RCMP over to raid his house on Roachs Line.

MR. HICKMAN: to embark upon the - to embark, Mr. Speaker upon the awful job of trying to complete, to try to complete the construction of the Linerboard mill and to try and get it in operation. Now, Mr. Speaker, I do hope when the hon. gentleman from Port au Port gets up he will give us some positive, some positive ways in which this mill can be made viable, you know.

AN HON. MEMBER: (Inaudible)

MR. HICKMAN: Oh no, Mr. Speaker, oh no we did not, Mr. Speaker, we did not. What we heard, Mr. Speaker, and I will come into that in a minute - let me get back to where I was before. After that the people of this Province managed to invest a total, including what was there before, of \$236 million into the Linerboard operation to provide employment in the Bay St. George area. No one can argue, there is no conceivable way that anyone can argue that this was done as a pure, cold-hearted business proposition

MR. HICKMAN: because, Mr. Speaker, there was no real - in my opinion - firm recommendation as a result of any feasibility studies that have been done prior to that which would warrant that kind of business decision. The economics were against it. The E and B Cowan Report was based solely upon the black spruce harvesting in Labrador. Yet everything said, that mill cannot operate on that. There is no way that it can operate. You may say the government was imprudent in going ahead from 1972 on and in completing this project and continuing to pick up the losses after. Now, Mr. Speaker, the hon. gentleman who said to hon. gentlemen, 'You are subsidizing ERCO to the tune of \$5 million or \$6 million a year. Why do you not subsidize the Linerboard mill?' Now if we have not been subsidizing - if the people of this Province have not been subsidizing the Linerboard mill, there has been nothing in this Province ever subsidized. True, we have not subsidized electricity. But picking up losses of \$21 million and \$34 million, no matter how you look at it, no matter how you turn it around, is a subsidy. It comes out of the taxpayers' money - pocket.

Now, Mr. Speaker, far be it from me to say anything that is anything but complimentary about a gentleman named Sweeney who was sought out by the Advisory Board and with the concurrence of government, made a member by government of that Advisory Board and also given a managerial position - a first-class man doing an excellent job. He has been reported in the press as saying that he believes that that mill can be made viable. And I hope he is right, Mr. Speaker. I hope Mr. Sweeney is right. I hope that he can demonstrate beyond doubt, and he does not have to go that far beyond doubt -

MR. NEARY: Why do you not let him come into the House?

MR. HICKMAN: I hope, Mr. Speaker, that he can demonstrate, not to me, not to the government, not to the House - because what he demonstrates to us - he is only wasting his time trying to -

MR. NEARY: (Inaudible)

MR. HICKMAN: demonstrate it to us. I want him to demonstrate it first to his Advisory Committee, who all hands agree, are very competent people -

SOME HON. MEMBERS Oh, oh!

MR. NEARY: You are trying to -

MR. HICKMAN: That is what I want, Mr. Speaker. And secondly, I would hope that he can convince industry, because let the record show, Mr. Speaker, that if any reputable company in Canada would like to take over the Linerboard mill we will crawl out to their doors and we will aid them and abet them provided they give some protection to the taxpayers of this Province. -

MR. NEARY: Paul will be here -

MR. HICKMAN: Without any hesitancy -

MR. NEARY: And not Paul Revere either.

MR. HICKMAN: at all, Mr. Speaker. No question about it.

MR. NEARY: Paul Demarais.

MR. HICKMAN: And I would hope that they will do it. And this is - you know, it is very essential, Mr. Speaker, that when you get an issue like this that is debated in the Legislature.

But it is also very essential, Mr. Speaker, that when you are dealing with an asset that has been valued by hon. gentlemen opposite, and I suspect it was based on figures provided during the briefing session, an asset that is valued at \$300 million, it is very essential that in our enthusiasm to condemn the government we do not sell that asset short. Because, Mr. Speaker, with the history of that mill, and with the obvious cost of harvesting the wood that is necessary for that mill to run, we are going to need a super salesman's job in order to find someone who is prepared to take over that asset. And knocking it certainly will not help in the sale thereof.

AN HON. MEMBER: What is the wood cost?

MR. HICKMAN: Now, Mr. Speaker -

AN HON. MEMBER: \$50 a cord is one argument.

MR. HICKMAN: Mr. Speaker, the report of the Advisory Board: everybody agrees this Advisory Board there has been no suggestion that they are anything but competent, dedicated Canadians who know the business and who are using their very best efforts to see if there can be any conceivable way that the mill can continue in production.

MR. HICKMAN:

But let me read the conclusion of these gentlemen. And these were conclusions arrived at, Mr. Speaker, after they received their confidential reports from two of their advisory groups. And a member of this Committee, may I point out, is Mr. Sweeney.

Conclusion: the Board can only conclude that under present conditions the company is not a viable linerboard operation and the Board cannot recommend continuing operations in their present form."

AN HON. MEMBER: In their present form.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Now, Mr. Speaker -

MR. NEARY: That is pretty fancy figure skating.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Mr. Speaker, there is their first recommendation. In order for the government to ignore that recommendation the government has to go and find a massive sum of money.

MR. NEARY: Well they did not say -

MR. HICKMAN: No matter how you look at it the government has to go and find a massive sum of money this year, \$54.8 million.

Now you can talk about - you know, you can get politically partisan or politically petty and say, the only reason why the government cannot borrow this other \$54.8 million is because of mismanagement of the finances of the Province by the Moores Administration.

AN HON. MEMBER: That is right.

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: But I -

SOME HON. MEMBERS: Hear, hear!

MR. HICKMAN: Mr. Speaker, during the time when the Moores Administration has been putting more money, more of the Province's fiscal resources, more of the borrowed money into linerboard than any one single part of our economy, I never heard anyone get up then and say, Stop. Stop. Do not put any more money into the Linerboard Mill, you are mismanaging the finances of the Province.

Mr. Hickman:

I never heard anybody say that is \$75 million compared to \$232 million.

MR. NEARY: You spent \$75 million for -

MR. HICKMAN: I did not hear anybody cream mismanagement, Mr. Speaker. There was no scream of mismanagement, financial management from the government, on the part of the government of the day.

Mr. Speaker, the Advisory Board has said that they are prepared to work and will continue to work with the provincial government in its dealings with the federal government or any other interested parties in completing these reviews.

MR. NEARY: Do not blame it on Ottawa.

MR. HICKMAN: And this is what it is all about, Mr. Speaker.

MR. NEARY: Do not blame it on Ottawa.

MR. HICKMAN: We are not blaming it on Ottawa. We went to Ottawa. We met with Ottawa. They had the -

MR. NEARY: That is not what Jack Marshall says.

MR. HICKMAN: - they had the -

AN HON. MEMBER: Industry Trade and Commerce.

MR. HICKMAN: Pardon.

AN HON. MEMBER: Industry Trade and Commerce.

MR. HICKMAN: That was Industry Trade and Commerce.

MR. NEARY: Jack Marshall is fed up.

AN HON. MEMBER: (Inaudible.)

MR. HICKMAN: And the Minister of Industry Trade and Commerce and the Minister of Finance got together their senior economist, worked on it; then I was with part of a delegation who met with several ministers of the Crown ten days later or two weeks later, and it was not for lack of sympathy, it certainly was not for lack of understanding on the part of the Government of Canada. They simply said, The economics of it just does not justify our making that kind of fiscal commitment that you need and that you are asking for in order to keep this mill going at this time. That is all, you know.

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Who made that statement?

MR. HICKMAN: And I say , Mr. Speaker,

MR. NEARY: Who was the minister made that statement?

MR. HODDER: Would the hon. gentleman permit a question?

MR. HICKMAN: Yes, sure.

MR. HODDER: When you went to Industry, Trade and Commerce did you go with a concrete proposal? Did you ask them for certain specific things, like with a plan, or did you just go to ask to be bailed out?

MR. HICKMAN: We went - and that was the first meeting - but my understanding is and I am sure because the hon. Minister of Finance said it yesterday - we went to the Government of Canada and said, Here is what we have been doing to try and keep this mill going. Here is the position we find ourselves in now. That we need -

MR. MCNEIL: Bail us out.

MR. HICKMAN: - as front end loading.

MR. MCNEIL: Bail us out.

MR. HICKMAN: Yes, bail us out. Bail us out. What is so wrong about that? What is so wrong , is not that what Confederation is all about that when the provinces are less affluent than the others. It would be no trouble for Alberta to bail out an industry by whacking out another cheque for \$30 million. No trouble at all. But you go and you say, Look, here is what we have done over the past number of years - they had a pretty good idea anyway, because there were some Dree monies went into it about three years ago.

MR. HODDER: money in there.

MR. HICKMAN: Are you prepared to get us over this hurdle by making an ad hoc grant of \$30 million.

MR. CANNING: It was a mess we made.

MR. HICKMAN: That is a bail out request. Not an unreasonable one, one that was received very sympathetically by Ottawa, one that Ottawa did not find to be unusual. But obviously being prudent they had to do some of their own studies and they came to the conclusion that they could not do it. So let me repeat,

MR. HICKMAN: nobody is blaming Ottawa at all. No one is blaming Ottawa, and as I say we have had nothing but first class co-operation from them and we will continue to get it if we can find any - or the Advisory Board or Committee can find any viable manner in which to keep that mill open.

MR. NEARY: When was this request made of the Minister of Industry, Trade and Commerce?

MR. STRACHAN: The correspondence?

AN HON. MEMBER: It was made two weeks ago.

MR. HICKMAN: That is right. It was a provincial problem.

MR. NEARY: When the decision was made to shut her down -

MR. HICKMAN: It was a provincial problem.

AN HON. MEMBER: It was a provincial problem four years ago.

MR. CANNING: That was a provincial problem for years now.

MR. HICKMAN: You know, Mr. Speaker, I have been listening very carefully to the arguments that have been advanced opposite. The hon. member for Eagle River (Mr. Strachan) made a statement that I cannot take issue with, he says a government should not be in business anyway. The government, and government - not the Government of Newfoundland, I agree that no government can run a business as well as free enterprise.

MR. NEARY: Well how come you took over the Churchill Falls Corporation?

AN HON. MEMBER: How about Brinco.

MR. HICKMAN: Because it is a Brinco decision, as any fool knows, as any half wit knows, the Brinco decision, the development of our hydro resources, the control of our hydro resources traditionally has been in the hands of the government as representatives of consumers throughout Canada.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Mr. Speaker, if the hon. gentlemen opposite are genuinely concerned about finding a way to make the Labrador Linerboard mill turn around, as opposed to making political points,

MR. HICKMAN: then I would suggest, Mr. Speaker, that we should direct our attention to Labrador Linerboard mill and let Churchill Falls Power Corporation or some other industries in this Province stand on their own feet at this time.

But, Mr. Speaker, no one can argue that the Government of Newfoundland, if it has any sense of fiscal responsibility at all, in the light of the preliminary report of the Committee, had no choice but to take the decision that it did take. Now I anticipated it. I am sure everyone in Newfoundland anticipated it. Hon. gentlemen opposite will get up and say, "You should not shut down the mill." That is easy, oversimplification, taking a couple of preliminary confidential reports that were submitted to the Advisory Committee, and obviously were not accepted by the Advisory Committee, again does not answer the question. It only begs the question.

I agree that we have, particularly in the last few months under the leadership of Mr. Sweeney, seen a change in morale and we have seen built up, and again, you know, because of excellent programmes that have been implemented, during the past four or five years in the Bay St. George area we have built up a very strong work force.

Now, Mr. Speaker, you know no matter how partisan you are politically there is no one - you know, I hope nobody seriously argues that anyone on this side of the House takes some delight in having to see that Linerboard mill closed. The easiest thing, if you want to be politically popular in the short term, the Province might be in serious financial difficulties after, but if you want to be politically popular keep her going, keep lashing out another \$52 million or \$54 million.

MR. MCNEILL: You lost the money anyway already.

MR. NEARY: If your financial advisers would allow you you would -

MR. HICKMAN: We have not lost the money, Mr. Speaker, because if you use some of the arguments that have been coming from across the House we have generated employment in that area for the last five years. So that was not a total loss of money, not by any stretch of the imagination. What we have done, Mr. Speaker, is put in \$236 million of the taxpayers money in Newfoundland and we have a report from an agreed upon competent advisory committee which says that they estimate the Province will be required to supply approximately \$180 million of additional funds to sustain operations.

MR. NEARY: Well did they recommend you shut her down?

MR. HICKMAN: That is what we are facing, Mr. Speaker.

MR. MCNEIL: They did not recommend shut her down.

MR. HICKMAN: They certainly did.

MR. NEARY: They certainly did not.

MR. HICKMAN: The board can only conclude with under present conditions this company is not a viable Linerboard operation the Board cannot recommend continuing operations in their present form.

MR. NEARY: In their present form?

MR. HICKMAN: Right. Now you know we are playing with words, Mr. Speaker.

MR. NEARY: No we are not.

MR. HICKMAN: We certainly are. What we are saying, Mr. Speaker, is this, and may I repeat, that this Committee and this Advisory Board and Mr. Sweeney and everyone else still has six months grace to show that this mill is viable. If it is viable, if the mill is viable, if the market conditions improve as we have been told they will, you know -

MR. MCNEIL: You have just destroyed what is out there now.

(Inaudible) close her.

MR. HODDER: \$50 a cord it dropped on the markets.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

May 10, 1977

Tape No. 2491

NM - 4

MR. MORGAN: Mr. Speaker, on a point of order. Mr. Speaker,
today we listened on this side of the House of Assembly
without any interruption that I can recall this afternoon-

SOME HON. MEMBER: Oh, oh!

MR. SPEAKER: Order, please!

MR. MORGAN: We listened very attentively to the hon. gentleman from Stephenville (Mr. McNeil) who made a very good speech. We listened very closely in fact, most of us did and we listened without interruption. I would ask that the same courtesy be now given to the hon. Minister of Justice while he is speaking in the same debate.

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

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

MR. STRACHAN: The hon. member for Stephenville requested silence. I did not hear the hon. Minister of Justice request silence and at the same time the hon. minister was getting into debate with people across the House and was almost requesting the kind of crossfire that he got.

MR. SPEAKER: There can be no doubt about the validity of the rule as stated by the hon. Minister of Transportation and Communications. Every hon. gentleman has a right to speak without interruption. The point in enforcing it comes to the extent that the hon. minister wishes that right observed. But there is no doubt that that is the rule and hon. members should not in fact be interrupted.

The hon. Minister of Justice.

MR. HICKMAN: I thank the hon. gentleman, Mr. Speaker, for the concern for my safety.

Mr. Speaker, there has been considerable debate in this House today about political interference. Now that is sort of a two-edged sword, is it not? This legislature accepted a bill that was brought into this House in 1972 authorizing the acquisition of the - or the takeover to protect the guarantees we had already given, to finish the job to take over the Labrador Linerboard mill and to raise monies by taxes and borrowing to complete it.

MR. HICKMAN: That is our responsibility. That is government's responsibility. Every nickel that went into that mill is government's responsibility. I would love to hear what the argument would be if we said, "Here we are, here is the manager, here is the Board, here is a blank cheque, you can go up to \$200 million or whatever the amount was that was set by the Legislature in the bill that was brought in. We wish you luck. Whatever you do, do not let her close down and give us a report once a year and we will table it in the House."

AN HON. MEMBER: Hypothetical.

MR. HICKMAN: Hypothetical? It is not hypothetical at all, Mr. Speaker. How many times when there has been rumours and problems there, start ups and strikes and shut downs, how many times? The question comes from the opposite side of the House to the hon. the Minister of Finance in his capacity as Chairman of the Board.

What do you think the cry would have been if he had gotten up and said, "That is a Crown corporation, I do not want to interfere in the management in any way. I do not want to know what is going on." We would have been abdicating our duty, and it is something worth remembering when questions are asked about other Crown corporations that are also operating like Hydro and Marystown Shipyard. I think we should try the next time saying we cannot tell the House that because that is being operated by a separate corporation. I would suggest, Mr. Speaker, that there will be a great deal of hue and cry from across the House.

Now, Mr. Speaker, in these political decisions, the hon. the Leader of the Opposition yesterday placed a great deal of emphasis on this sentence. "The terms of reference of this Board do not include an analysis of the social implications of the adoption of a particular course of action." That is on the second last paragraph of the Advisory Board's report of April 25, 1977. And he said, "It is a cold business decision."

MR. HICKMAN: These are businessmen. They have got nothing to do, no responsibility for the social welfare of the Province. This is not part of their terms of reference. That is the responsibility of the government, you know. And he is right. That is the responsibility of the government. It is the responsibility of the government when we are responsible for spending huge sums of money that we are spending with the authorization of this Legislature to see to it that some of these social responsibilities are discharged.

Now that is the official position of the Opposition, because obviously the Leader of the Opposition

Mr. Hickman:

in his capacity as Leader articulates without question the views, the position of the Opposition. If he does not do it he should not be there.

But then, Mr. Speaker, hon. gentleman today, the hon. gentleman opposite from Stephenville (Mr. McNeil), has been reading recommendations; a confidential memorandum to the Executive Council from the then Minister of Intergovernmental Affairs, Mr. Crosbie, and also some statements in a memorandum from Mr. Crosbie's Executive Assistant, I do not know which one it was, but that is not relevant, I assume he was a man of some expertise in the Linerboard Industry, saying, You must cut your inventory. And the Government of Newfoundland when it came to them, because there is where you get into the social impact, the Government of Newfoundland says, If we cut the inventory according to the hon. gentlemen from Stephenville (Mr. McNeil) we are going to put a large number of wood contracts, small wood contractors, with the resultant unemployment into bankruptcy.

MR. MCNEIL: Some of them are in bankruptcy now.

MR. HICKMAN: And we opted -

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: We opted, Mr. Speaker, to say, not just for that reason only, to say, No, honour your contracts. Do not stop the cutting of the 46,500 cords of wood.

MR. MCNEIL: There was an election coming on.

MR. HICKMAN: Are we to be faulted for that? Are we to be faulted because we said no, we will do our damnest to try and avoid a shutdown of the Hawkes Bay Mill. Because if we had used that cold, business decision-making process -

MR. MCNEIL: election.

MR. HICKMAN: - then we would have forgotten about the social implications. But we did not do it.

MR. MCNEIL: No, but you were worrying about election ...

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: Mr. Speaker, there are other reasons. I checked to find out some of the reasons why that decision was made other than social reasons. We had binding, or the mill did, contracts with these operators. So are we going to close them down and be faced with lawsuits for breaches of contract? If the contract is a binding one the mill is going to have to pay anyway. And if the mill pays the contractors, without the wood they are even worst off than if had paid it for the wood, you know.

MR. HODDER: What about the soft market?

MR. HICKMAN: But, Mr. Speaker, secondly -

MR. HODDER: What about the soft market?

MR. HICKMAN: I would love to see a contract for soft market.

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: You know, Mr. Speaker, if I may be permitted, I suppose I am going to have to ask for protection, so I can get it - may I say, you know, that sort of response again runs away from, evades the issue. That is not the kind of request, that is not the kind of determination, the kind of determined effort that the people in the union, and the people who are in that mill today and who have during the past two or three months responded to the admonitions in the leadership of Mr. Sweeney want. What they want, and what they are saying to us, and very properly so, and what we are saying to them, and what we are saying to this Legislature, and very properly so, and why that resolution was drafted the way it was: give us your ideas. You know, do not get up and say, there is a cost benefit analysis, and look at social insurance or UIC payments, and welfare costs, and say if you add it all up it is better to keep on going and whacking out millions of dollars to pick up losses. That just does not make sense. Anyone knows that no Province that has to borrow in order to meet and provide the social amenities of this Island and Labrador can continue to do that with that kind of philosophy. I have yet to hear anyone on either side of this House who receives a petition for water and sewerage, for highway building or pavement

Mr. Hickman:

or schools or anything else get up and say, Mr. Speaker, I had a petition here from my constituents, I will lay it on the table of the House but I am not prepared to support it because I know that the government has got to take that money and put it into resource development, or it has got to meet the needs of the Linerboard Mill. I never heard it said.

I remember one petition that came in here this year where they wanted to build a causeway to a graveyard.

AN HON. MEMBER: (Inaudible).

MR. HICKMAN: A causeway to a graveyard. Now, you know, this has got nothing to do with respect for the dead. But I do submit, Mr. Speaker, that it should not take that priority status that those who supported that petition that day attributed to it,

MR. HICKMAN: you know.

MR. NEARY: No, no! Spend it on -

MR. HICKMAN: Now, Mr. Speaker -

MR. NEARY: The foolish Norma and Gladys,

MR. HICKMAN: If hon. gentlemen are prepared to get up and say the \$20 million or \$30 million that you are going to borrow this year to put into highway construction and paving and that you are going to put into schools and that you are going to put into other social amenities that the people of this Province demand and want and are entitled to as Canadians. -

AN HON. MEMBER: (Inaudible.)

MR. HICKMAN: - or to build hospitals - if they say, 'All of that should go by the board - we are united', all fifty-one members will stand and say, 'Do not spend any of that money. Whatever you do, do not spend any of that money. Go to your colleague, the hon. Minister of Fisheries, and tell him that that thrust he wants to give that resource area this year is going to have to be put to one side. And we will go out -

MR. NEARY: No, no!

MR. HICKMAN: Right.

MR. NEARY: (Inaudible)

MR. HICKMAN: All right. And we will go out -

SOME HON. MEMBERS: Oh, oh!

AN HON. MEMBER: - Roads, paving -

MR. HICKMAN: All right. Roads, paving - but you know, why stop there now? Because what we have been hearing today is, you know, the government is financially mismanaging this Province.

AN HON. MEMBER: (Inaudible)

MR. HICKMAN: But if you are going to have to crack down, you are going to have to crack down on it all. And we will go down on the wharf in Frenchman's Cove, and we will stand on the wharf, and we will face the fishermen, and we will look them straight in the eye and say, 'Sorry, boys - not this year. This is not partisan because I am Liberal, he is Tory, and we are both standing together on this. Not a nickel, not

MR. HICKMAN: a nickel. And that road that you want paved - around the Loop Road on the Burin Peninsula - I will come down together with the hon. member for LaPoile (Mr. Neary) and we will stand there and say, 'No - can not do it. -'

AN HON. MEMBER: -- DREE money.

MR. HICKMAN: 'Not going to do it. Not a nickel of DREE money -'

AN HON. MEMBER: -

MR. HICKMAN: Not a cent. Not a sou. Not a nickel. Not a penny. Not a cent.'

AN HON. MEMBER: -- Road?

MR. HICKMAN: No, no. The Loop Road - the Loop Road on the Burin Peninsula in the district of the Grand Bank, I am talking about, you know.

AN HON. MEMBER: Being paved?

MR. HICKMAN: Yes, being paved this year - an area that has contributed a great deal in the resource development of this Province for generations and has never been recognized. You know, I have no trouble defending it, Mr. Speaker, no trouble at all. So what I am saying is, let us not speak with forked tongues, Mr. Speaker. If we say that the Province of Newfoundland is being fiscally maladministered, let us be prepared to get up and confess all our sins and say, I the Liberal member for such and such a district contributed to it, because I am demanding that there be water and sewerage put into a town when I know that that town, no matter how much it needs it, cannot possibly pay its share to sustain the loan that goes in there. Let us be prepared to say it. But, Mr. Speaker, that is still begging the issue. The simple fact that we cannot escape, Mr. Speaker, - and these are the figures now, these are not the figures of public servants. These are the figures of the advisory board of very, very competent businessmen. I know that they took some financial advice from, I would hope from fiscal advisors.

MR. HICKMAN:

How else can you deal with finances if you do not turn to the only people who understand them? The fiscal advisors, who else are you going to turn to? But, Mr. Speaker, if you look at table one it would break your heart, \$54.8 million, \$38.4 million, \$24.6 million. Now deduct from that, Mr. Speaker, the cost of shutting down - not the cost of shutting down, the cost of meeting our debt requirements, and you still wind up with a staggering amount that is beyond the fiscal capacity of this Province. Now, Mr. Speaker, I suspected most of us here has the experience, the rather traumatic occurrence when we saw that programme on CBC recently of the - you know, it has been referred to in this debate - of the Newfoundlanders who have moved to Fort McMurray in Alberta. And they were not all from Come By Chance. And they were not all from the Bay St. George area. In fact, Mr. Speaker, the disturbing thing was, and I found this even more disturbing, but they were interviewing people from the city of Wabush and Labrador City who said that up to the day they left their Province they were in high paying jobs. And they moved to another section of Northern Canada for jobs of similar income. And running through that whole interview - you know, I cannot remember being more depressed. You look around and you say what are you doing in government, what are you doing in politics, when you see that kind of thing where we have spending now since 1949,

MR. HICKMAN: taking chances, philosophies that some were acceptable, some were not acceptable, but we have tried them all and then you have a man from Wabush, the city of Wabush saying, "I left because there is no future in Newfoundland for my children" And he did not talk about the Moore's government or the Smallwood government, he talked about the governments; he said the governments made a mistake, they put money into Come by Chance and Stephenville - I heard him into Linerboard and the oil refinery.

MR. NEARY: What have you done to bring her around?

MR. HICKMAN: Now this man was not an economist, this man did not know anything about a cost benefit study, this was a hard-working, skilled Newfoundlander who had come to the conclusion that our efforts in that direction where we are trying to base an industry on something more than a resource is just

MR. NEARY: Were you paying -

MR. HICKMAN: It is just something more than a resource, something that is not totally oriented to the kind of resource development that Newfoundland lends itself to.

AN HON MEMBER: Come on!

MR. HICKMAN: This is what he said, we heard him, you know, everybody heard him. This is why I say that it was a very depressing programme, an exceptionally depressing programme - to me it was, it has been tried, you know, you cannot compare the pessimism that has emanated in this House today that Newfoundland is all gone, it is not warranted, because they say if this resource based industry cannot recover and cannot be sustained, then what can? Well, now, Mr. Speaker, let us make no mistake about it. Price Brothers, who incidentally the chairman of the board is a lawyer, Frank Ryan Q.C., the same qualifications as Mr. Crosbie - enough of experience in the wood industry -

MR. SMALLWOOD: He is not running the show.

MR. HICKMAN: He goes to his monthly meetings and he chairs the meetings.

MR. SMALLWOOD: He is not running the show.

MR. HICKMAN: Decides on policy on policy, Mr. Speaker. The future of Bowater mill and the future of Price mill, paper mills, in my opinion is sound and we should not write them off and say that Stephenville proves -

AN HON MEMBER: The budworm will fix that.

MR. HICKMAN: That Stephenville proves that you cannot - look, do not be so anxious and so optimistic that the budworm will shut down Newfoundland. The budworm is not going to shut down anything.

MR. SIMMONS: The political budworm, Frank!

MR. NEARY: Shut her down, boy!

MR. HICKMAN: You know, Mr. Speaker, the hon. gentleman opposite, I can hear them now. They will be on radio or they will be on television and they will be wringing their hands and they will be talking about the Moores administration, but they will not get up and tell the people that, you know, we are making great political points. Politics are what we are concerned about here. If we can get the Moores administration on the run over this, boy, that is great, that is great for the Liberal party! Why do they not just get up and tell us, you know, not just clutch a confidential report that went to a committee as part of their studies - which obviously the committee did not accept because if they had accepted it they would have said so. They did not accept it, you see, they did not accept it, you see. They did not accept it.

AN HON. MEMBER: We did not agree with.

MR. HICKMAN: Obviously they did not accept that report because that recommendation does not lend itself to that report. But it is all part of the process, or to come in a clutch, you know, a memorandum from an executive assistant to his minister where he gives his views. I do not know. The gentleman may have all

MR. HICKMAN: kinds of expertise on the Linerboard industry. I do not know. That I do not know. It is a secret and we do not know who it was, and say, "Aha ha this is what we got. This is what we got. This is what we should have done. They should have shut down Hawkes Bay, they should have shut down these small contractors. You know, they should have taken that cold hard business-like decision, forget all about the social responsibilities." Well, Mr. Speaker -

MR. NEARY: - but Marystown and Placentia.

MR. HICKMAN: This is not what the debate and why this debate was brought on, what this debate was brought on for. You know we could go on all day if you want to talk about what should have been done. You can say whether we should have done it, whether we should have ever gone ahead with it and as one publication came out said, "The people of Stephenville"- this is true - "did not ask for the mill, never indicated they wanted the mill but when it was offered to them they very properly accepted it."

Mr. Speaker, what I am saying is that what I would like to hear, what I would like to hear from hon. gentlemen opposite, is given the statements that have been attributable to Mr. Sweeney,

MR. HICKMAN: given any government, I do not care what government it is, Liberal, Progressive Conservation, NDP, Social Credit, anyone, any government at all would rather do anything but shut down any industry in any Province and this government is no exception. Do you really think that this government, Mr. Speaker, in a Province with the highest unemployment rate in Canada gets any delight out of seeing that mill closed down.

MR. NEARY: We would have dealt with that, It is your mismanagement that has caused it. Mismanagement.

MR. HICKMAN: Mismanagement, financial mismanagement! See if we can score some political points in fiscal mismanagement. Why does hon. gentleman not get up, Mr. Speaker, and say, "Here is what we should do." I heard yesterday a statement, I think the hon. Leader of the Opposition read it, which I found somewhat disturbing, that this mill is not capable of conversion to a paper mill.

AN HON. MEMBER: (Inaudible).

MR. HICKMAN: That is in that report. But whether again now and I say this is why one has -

AN HON. MEMBER: The paper was quoted.

MR. HICKMAN: Well if you take a piece of paper and attribute it to, or not attribute it to an author, and you read it you have made it public, you certainly are not helping the future viability of that mill by any stretch of the imagination, You are certainly not helping the saleability of that mill, and I think that hon. gentlemen on this side know what I am referring to when I say that that statement did not help, you know. But, Mr. Speaker, it is now public. It is now anybody who has an interest in that mill been made aware of it. What was the purpose behind that? You know. What was the purpose behind that to get up and say that that is not - to read a report which says that that is not convertible. It is not going to help us. It is not going to -

MR. SMALLWOOD: Surely anybody interested in buying the mill would know enough to know whether that was correct or not. He would not be depending on the order of the Opposition Leader.

MR. HICKMAN: I will ask the House to remember what I just said. Just remember - look at Hansard of May 10, 1977, sometime, not next week or the week after, but remember I did express concern over that statement having become public and I say it was not in the interest of the future of that mill.

MR. WHITE: Crosbie saying it is not worth a dollar, the government saying it is not worth a dollar.

MR. NEARY: Look what John Crosbie did last year.

MR. HICKMAN: I am not interested in what John Crosbie said last year and I am not interested -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. HICKMAN: I am not interested in what the hon. the member for Twillingate (Mr. Smallwood) said in 1965 or 1966 or 1967 -

MR. NEARY: How come you keep dragging it up.

MR. HICKMAN: - and I am not interested and that is why I have not dragged it up.

MR. NEARY: You had better tell the member for -

MR. HICKMAN: That is why I said, Mr. Speaker, that I saw no point in going back beyond 1972 -

MR. NEARY: Tell the characters assassination -

MR. HICKMAN: - and that was in 1972 when both parties unanimously approved the takeover of the mill by the government. Everybody voted for it. That is why I said there is no point in going back beyond 1972, Mr. Speaker. That is what I said, Mr. Speaker. What I am saying now, Mr. Speaker, that we have in place in Stephenville a very strong Advisory Committee, dedicated to finding any conceivable way they can to make that mill viable or saleable.

MR. NEARY: But you have knocked the props out from under them.

MR. MCNEIL: That is right.

MR. NEARY: You shut her down.

MR. MCNEIL: That is right.

MR. HICKMAN: I say secondly, Mr. Speaker, that any government with any sense of fiscal responsibility had to take the decision it did in light of the report of the Advisory Committee. To do otherwise would be extreme cruelty to the people of the Bay St. George area if for nothing else, apart from fiscal irresponsibility you would be leading them to believe that indeed this had turned around when in fact the figures that we have so far does not sustain that kind of decision.

MR. FLIGHT: Tell us how you arrived at that decision.

MR. HICKMAN: That is right. What I am saying, Mr. Speaker, And thirdly, and this is equally important, if the Advisory Board can arrive at conclusions which hon. gentlemen opposite suggest they should or could or may, or if Mr. Sweeney can arrive at conclusions which he is alleged to have arrived at, if -

AN HON. MEMBER: Snow job.

MR. HICKMAN: Now if it is a snow job, then I take it that hon. gentlemen opposite do not agree with the appointment of the Advisory Committee. You have got to

MR. HICKMAN: make up your minds one way or the other, you know.

MR. WHITE: They have not made their report yet.

MR. HICKMAN: If any of these things come true, and I hope they come true, and we are all agreed because again the position of the Opposition was put very clearly last night, this government has not business in the Linerboard field, the hon. gentleman said that in his capacity as one of the spokesman opposite. Nobody can disagree with that. Nobody can disagree with that philosophy. If all of these things are true, and I hope there is nobody in this House who does not yearn for them to be true.

If that private enterprise with that kind of expertise that it is necessary should ever come to the steps of the government of Newfoundland, or if the Advisory Board should ever come on their behalf they will not get out of this province, Mr. Speaker, they will not get out of this province without the government seeing to it that they make that mill the viable operation that some people allege it can be made.

Thank you, Mr. Speaker.

MR. SPEAKER: Hon. member for Eagle River.

MR. STRACHAN: Mr. Speaker, I rise to rebutt some of the points that the Minister of Justice made here, or the few.

MR. SIMMONS: That will not take long.

MR. STRACHAN: We listened to an impassioned speech from the member from Stephenville, and rightly so, of course, because it is his district sees the bottom taken out of it; followed by a speech from the Minister of Justice on the fact that there was nothing positive presented by the member for Stephenville. I totally disagree. I think that the member did present some very very positive points. The minister states that any government with a sense of fiscal responsibility did the right thing in making the decision to close down the mill. What we are stating is that

MR. STRACHAN: the government fiscal responsibility came at the latter stages, that their fiscal responsibility should have been at the earlier stages. If they had shown the same sense of fiscal responsibility earlier on then the mill would not have been in the state it is now and the hard decision would not have to be made. This is the whole point that we are getting at. We are not trying to tear things apart or break things down. What we are trying to express, and what the member expressed today was the fact that all of a sudden we are faced in the end with telling everyone over there that they have to get out of work, laid off, and that we could not tell the number of people earlier on.

There is a question raised by the minister in response to the member for Stephenville on the cutting of inventory. We all know that and he denied that there was any political interference, we all know that businesses must be run on the floor of the place of business. If you are running a fish plant the money is made on the fish plant floor. It is not made twenty miles away or a hundred miles away, nor is it really made in the offices. Money, the profits, the money is on the fish plant floor. Decisions, on-going decisions of business must be made there. What we are stating here is this obvious case, this case of cutting back an inventory, that the management did not have the freedom to make the business decision on the floor of the plant. Management had to come back to Cabinet to get a decision of whether they could cut back on inventory or not.

In other words, a political decision on whether the business could cut back on inventory or not. We are told they could not cut back on inventory because we were throwing a number of people out of work in Hawkes Bay or Roddickton or wherever it was, contractors and so on would go bankrupt. Yet we also know that Linerboard and the woods operation is a cyclical

MR. STRACHAN: business. We all know that one has to cut back inventory when markets are down and push forward when markets are up. These contracts therefore should be revised, they were wrong in the first place. Many of these contracts were wrong, because there should be some way of terminating or having written into these contracts some termination clause, that should a cut-back be necessary then they can be cut-back. You do not write a contract for this kind of operation on a long term basis and find out when you have to cut back inventory you cannot cut back inventory because of your own contracts.

This is the point that we have been trying to make a number of times and have been made here previously in the House,

MR. STRACHAN: if you are into this kind of cyclical business, in this up and down business then one has to take that into consideration. And you may have in certain areas of the Province to create unemployment that may be caused naturally through business that our employment will occur for a certain period of the year. Then of course when things rise one can push forward and the contracts can be renewed or reopened or treated in a different light. But it would be foolish and extreme in a business like this to write a contract for a long period of time and then say that the mill has to keep producing because it is tied in to these contracts. And we have to increase inventory and we have to keep bringing supplies in because of all these small contracts we have written.

So we feel, and we have pointed it out numbers and numbers of times, that this is the kind of mismanagement that we are talking about and this is the kind of things that you are left in a bind. I can feel sympathetic in some ways to the people who have to make these decisions, political or not, to make these decisions that you may have to throw people out on the Northern Peninsula out of work because you have these contracts. But there is something wrong with the contracts.

MR. DOODY: May I interrupt the hon. gentleman? I will clarify it for you.

MR. STRACHAN: Sure.

MR. DOODY: I think the contracts we are talking about are relatively small contracts for 5,000 or 10,000 cords of wood and most of them were contracts which were entered into by individuals who in turn bought machinery using that contract as the collateral for the machinery. But if the contract was cancelled they would not have just lost the job. In effect, they would have wiped out the mill operations and this is why the contracts keep going until the contract thing was filled up. It was more than just a simple laying somebody off.

MR. STRACHAN: Yes, I understand the situation pretty well especially in Happy Valley-Goose Bay, for instance, because there were contractors

MR. STRACHAN: there who were left in the same situation, that they had gotten the equipment on a basis that they had to supply a certain amount of wood over a certain period of time in order to pay these things off. But still, at the same time it should be understood very clearly that what this does by writing these small contracts, and many of them were small contracts and indeed small operators, what it does of course is pressure the whole business and there must be some other way. Surely there should have been a way developed or something of more wisdom developed which tied it far better into the operation rather than to write contracts like that and then find yourself obliged to handle these contracts.

What we are stating is that there must have been a way, and I do not know, I do not have information on the contracts, but surely there must have been a way to get out of that, to try and get into contracts which could be tied into the operation and not tied in totally because of the contractors owing the finance companies money.

The other point that I had here is that, as the minister stated, I stated quite clearly last night, and again the minister has stated and we have all agreed, that government has no place in business. And we agree totally with that. We believe that you control the resource, you own the resource, but government should not be in the business of developing and producing that resource. But the minister in defending government stated that no one else was prepared to take on the Linerboard. That maybe so but we have heard at some time that MacMillan-Blodell were interested at one point, very interested in it, and what we are arguing about is if that is so - it is may be not so - but if it is so then where is the information? We can only go and argue and debate on the basis of information which is available to us, and what we have stated many times. And the reason why the member for Stephenville uses his clutch of memorandums and his reports and so on, which the minister seems to take objection to, is

MR. STRACHAN: the reason why we do that is we do not have information. There is no access to information within this Province anyway. Everything is done secretly, quietly within the government circles and we have no access to this kind of information so we do not know.

MR. HICKMAN: MacMillan Bloedel.

MR. STRACHAN: We would like to see the whole thing you know, the whole thing. We would like to know what was behind it, why the decision was made and what was behind it and so on. Can we see the correspondence?

MR. DOODY: (Inaudible).

MR. STRACHAN: And this is our whole point that we are trying to make here. As in many cases the member here has tried to get information, has not been able to get that information, and got the information elsewhere and has been collecting information for quite some time. So our decisions, some of them which may be a little out, and the opinions which we base on that information is based on the information that we can collect, not on information which should be, naturally should be available to anyone in the Province who is interested in trying to get information of what is going on. Certainly not ongoing negotiations but certainly afterwards we should be able to base our opinion on firm information rather than to go around secretly trying

MR. STRACHAN:

to collect information to try to put together a position on it. The government, the minister stated that they went to Ottawa to request help and was very careful to show that Ottawa did not turn down the government. They listened to them, were very helpful and so on. Our argument is that surely if the mill was in trouble and has been in trouble for some time and a number of years, surely you do not go in the last few weeks or the last three weeks when you are trying to balance your budget, surely you do not go to your uncle and say, help me out and bail me out. Surely if that is the situation, and it is known clearly, surely there should have been some ongoing discussions, ongoing long lasting discussions going on, contact maintained all the time with Ottawa explaining the situation over the last two years and not just over the last two weeks. It is useless, of course, absolutely useless to go to somebody and go to a rich uncle and say, "Bail us out and give us \$30 million or \$40 million based on a request made two weeks ago. Otherwise we are going to have to shut it down in two weeks time." Surely the whole thing of Confederation, and this is the argument of Confederation, surely we have a responsibility in Confederation as well. And surely our responsibility, if we are looking for money from Ottawa, is to inform Ottawa well ahead of time, well ahead of time, years before the time, not just a few weeks which was indicated by the minister. And that was definitely stated there, that it was only in the last few weeks that there was a real effort, a real strong effort made. Surely they should be informed if the whole financial picture laid out to them and it cost an ongoing based business.

The other point that was made referring to the report and there was a great deal made of the report, the preliminary report produced indicated the close-down of the mill. And yet the minister stated then, immediately he said that they had to close down the mill. He indicated that the mill has six months grace to prove its viability. Surely no

MR. STRACHAN:

mill can prove its viability if you have just announced it is going to be closed down. Surely if you wanted to give it six months to prove its viability you should have given it six months. But to turn around now and say that you are going to close it down and then make a statement here that it still has six months to prove its viability takes the legs right out from underneath it. It takes legs out from underneath the management. It take legs out underneath the market. It take the legs out from underneath the workers. If you intended to give it six months grace to prove its viability, and that is what the minister used, his actual words, they have got six months grace to prove it, then why close it down. Why announce it is going to be closed down? Why not wait until a closer period of time or decide on some other position. Or if you are going to close it down tell them now. But you have stated quite clearly here that Mr. Sweeney and the rest, the advisory board and so on have still got six months to go. How can they have six months to go when you have just notified them that they are going to be finished and out of work in six months. Similarly, of course, this takes the underpinnings right out in the market place because who is going to give contracts of any form? How can you ever prove the viability of the mill in the next six months if the market place knows that you are not going to be in operation, that you are not producing any produce to sell on a market place. Because all it is then is a fire sale. It is impossible because people will know that your product is not going to be there on a long term, so no one wishes to get into long term contracts. So all you can look for is small block contracts for your product. And how can you ever produce then a report in six months time which will prove your viability under these conditions. You could not do it in any business, never mind a large business like Labrador Linerboard. It could not be done in a small fish plant, for instance - that if they knew that in six months time that you are going

MR. STRACHAN:

to be out of business they are going to undercut your products. They certainly will not give you long term contracts nor will they be very interested in getting anything from you because they know that you keep producing for six months, they can pick it all up at the end for next to nothing..

So I think that the words here should be very carefully weighed because I feel here that if we are going to give them six months grace as was stated then there was no need to make the decision that was made. Or it could have been made in a different light or in a different way or under different terms or different conditions

MR. STRACHAN: because there is no way. It is almost impossible for Sweeney and all the Advisory Board - I think we have used Sweeney too much, but I think people are looking to him as a businessman with his respectability - there is no way that they can ever prove the viability of such an operation, if you are going to immediately announce the closure.

Now the minister, one point made here, the minister was on about, it is that he asked, and I do not know if it was a plea, or he asked that if we go along with it he stated that he should stop supporting petitions in this House if we are so concerned about resource development in this Province. And I will tell the minister right now - I will, I would be glad to stop presenting petitions or present them and say I cannot support them because we do not have the money to give the services, but I can only do that on the condition that I see that what little money we have for services is distributed evenly within this Province.

SOME HON. MEMBERS: Hear! Hear!

MR. STRACHAN: When we see \$1 million paving programme in one district, one minister, and we see the Norma and Gladys being wasted, when we see money being wasted in other schemes, then if we can see these cut out then I will go along with it one hundred per cent.

AN HON. MEMBER: Hear! Hear!

MR. STRACHAN: 100 per cent, I think the people of this Province need to be told.

AN HON. MEMBER: Yes, we are all in this together.

MR. STRACHAN: And I agree with the Premier on this. I agree with the Minister of Finance on this and the Minister of Justice, if this is what he is stating, that the people of this Province need to be told we are in a tight money situation, a difficult

MR. STRACHAN: financial situation and we need to tighten our belts. And I would be first to agree and go along with that, totally and absolutely. I would be the first with the Minister of Transportation to state to the people of Cartwright that that is the amount of money we have got for that road and it is very, very expensive to maintain equipment in Cartwright over a year period in order to keep six miles of road open. I would agree with that much as it is my district, probably the worst district in the Province, much as it needs it more than any other district but I cannot do that when I see contracts being let for paved roads elsewhere in the Province, when I cannot argue about airstrips.-

AN HON. MEMBER: What do they think we are, stupid?

MR. STRACHAN: - when I see money being let out for Norma and Gladyses. It is far more important to have airstrips on the Labrador Coast so we can fly safely and in comfort than it is to have some of the foolish things that we have got going on and the waste of money. The Norma and Gladys should be pulled up. Similarly -

MR. SPEAKER: Order, please! I think the hon. gentleman is aware that certainly the Labrador Linerboard mill and matters pertaining to it a quite broad area of relevance, but I would point out it would not correspond with the area of relevance in the Address-in-Reply or the Budget debate.

The hon. member for Eagle River.

MR. STRACHAN: I thank you for your ruling, Mr. Speaker. I was rebutting particularly the statements of the Minister of Justice on petitions and -

MR. HICKMAN: You should not.

MR. STRACHAN: - and so on so I was just -

AN HON. MEMBER: You should be ashamed to.

MR. HICKMAN: - in support of the Norma and Gladys.

MR. STRACHAN: Since the minister mentioned petitions I was just going on the variety of petitions that have been presented. I will try to get back to the topic on hand. In fact it being close to six o'clock I move the adjournment of the debate.

MR. SPEAKER: Is it agreed we call it six o'clock?

SOME HON. MEMBERS: Hear! Hear!

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

PRELIMINARY

UNEDITED

TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

8:00 p.m. - 11:00 p.m.

TUESDAY, MAY 10, 1977

The House resumed at 8:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please! The hon. member for Eagle River.

MR. I. STRACHAN: Mr. Speaker, I was hoping the Minister of Justice would be in his Chair. I would imagine he is fairly close by.

SOME HON. MEMBERS: Oh, oh!

MR. NOLAN: On a point of order, Mr. Speaker.

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

MR. NOLAN: Do you think you can silence those opposite so that the hon. member can be heard, or will we adjourn?

MR. SPEAKER: I cannot adjourn, there being no motion before the Chair. The hon. minister.

MR. HICKMAN: I say to hon. gentlemen, if you cannot stand the heat you had better get out of the kitchen.

MR. NOLAN: What do you want us to do, move about from party to party like you do?

MR. HICKMAN: Why not? You have.

AN HON. MEMBER: The Opposition is split three ways.

MR. STRACHAN: This is not off my time?

MR. SPEAKER: Order, please! The hon. gentleman should be able to continue without undue interruption.

MR. STRACHAN: Mr. Speaker, the Minister of Justice prior to our break, the Minister of Justice threw out a challenge and in some ways informed, I think in some of the points he raised we have sort of rebutted in some ways. But he threw out the challenge that we over here have been totally negative about this debate or totally negative in our attitude towards Linerboard. So I would like to accept this challenge and throw a challenge back to them and hopefully see whether he will accept it or not. But we all know that in Labrador Linerboard we, the people of this Province, have invested over \$300 million. We all know that the mill, or we have been told so, that the mill has

MR. STRACHAN:

six more months to go before phase down and close down. We all know that it is a smack in the face of this Province in the business world if that mill closes. We also know that the people on the West Coast and in the Northern Peninsula and many areas would be out of work. We also know that if we are going to try and get this mill back into operation, for instance, in a year's time or year and a half's time by whatever means, the start-up costs and trying to get people back into the woods would be very, very high indeed. In fact, it would be an extremely high cost to this Province with unemployment created and then with people having to start back into an industry again.

We have been told that the reason why, and I accept the reason why, and I think the reason behind it is that this Province does not have the funds, does not have the money to keep the mill going. And if I can put this in a nonpartisan way, I do not mean this in the slightest bit in a partisan way, that if we do not have the funds then can we find the funds to keep the mill going for a longer period of time.

MR. STRACHAN: We believe, as the member for Stephenville has pointed out, that the management under Mr. Sweeney and the Advisory Board, which is a very good collection of respected businessmen, have started to turn the mill around, management of the mill around. The whole production of the mill has started to turn it around in a positive sense. We have also been told a number of times the woods supply relatively is not as great a problem as we thought it was. I mean, the markets are increasing and will increase within a year's time.

So is there any way we can buy more time for the mill? Is there any way that we can prevent losing this \$300 million investment the people have? I brought it up earlier on, and the Minister of Justice brought it up earlier on, that possibly if we looked at the Public Services of this Province for the next year. We must remember that it is the people of this province who have invested over \$300 million in that mill. That mill is essentially the property of the people of this province. They stand to lose that \$300 million investment.

Instead of trying to make the west coast area and the Bay St. George area look as though they are penalizing the rest of the province by drawing in all these funds, would it be possible if we could change the attitude and not actually it should be changed by us here. But certain sacrifices would have to be made - Mr. Speaker, I find it very difficult trying to respond to the Minister of Justice -

MR. CANNING: - replying to the Minister of Justice to -

MR. SPEAKER: The hon. member is having difficulty in concentrating.

MR. STRACHAN: The point I was trying to get at here was that the minister was stating was there any way that we could cut back on the public services in this province. We mentioned in rather a partisan fashion, we mentioned \$1 million for Green Bay and the Norma and Gladys, and so on I am stating now in a non-partisan

MR. STRACHAN: sense, is there any way that we could cut back on the public services in this province? Would the minister, for instance, or the government be prepared to set up a committee of this House for instance to look at certain ways of trying to cut back on the public services in this province, so that we could see that nothing was done in a partisan fashion. One district especially was not getting the regular money, or another district was not getting any more. That if we could set up that kind of thing and try to cut back sufficient funds - I do not know the quantity of funds that is required. I think it is something in the region of \$20 million. Something like that is required in order to be able to balance the budget and at the same time put sufficient funds in to keep the mill going for a one year period.

If the Advisory Board feel, and if Mr. Sweeney feels that the market is changing around and if that is the case, if it could be done, if this is the crucial year - we have been told that it is the crucial year, there is a possibility, a great possibility - if that could be assured to us, Is there any way then that this could be done if money could be pared off some of the budget. Some of the monies spent on some foolishness, and also on good products too and I think it would require therefore to be very much a non-partisan sense. If the money was pared off various things and explained to the people of the province that that money was required in order to keep the mill going, which essentially is their investment.

We then get down to the point that if we do ask the people of this province to do that kind of thing, to give up certain benefits, benefits that they require, whether they be paved roads or whether it is water or sewerage somewhere or whether there is anything else in other fields, as well

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MR. STRACHAN: as some of the strenuous things the government is into, the things that produce nothing. Some of the social fields for instance we can cut the money out of there. If we could put together enough funds to keep the Linerboard going

MR. STRACHAN: and to try and get the whole thing or take the attitude that we own the mill, the people of this Province own the mill, they have over \$300 million into it, could we then go and instead of government running the mill, and we have all agreed that that is bad, that it needs to be changed, could we look at a contract for instance that could be set up with a company, whether it be with Consolidated Bathurst or MacMillan-Blodell or whatever company, that they run the mill on a contract basis, that they accept the product and put the product into their operation and into their marketing lines and they run the mill free of any interference from government under these management contracts.

I do not know. This idea may be totally wrong. Maybe there is a lot of - I can see a lot of difficulties even measuring it out, but we must face the fact that this Province is in desperate straits, financially in desperate straits.

And we must accept the fact that we are in essence in six months time closing out one of the greatest assets that this Province has. And I am sure that we could express and try to do it in such a way that it was nonpartisan, express the fact that if we could pare money off some of the budgets, and we would only agree on this side, I think, on that basis that if we saw the money was pared off equally, that there was no selfish distribution of the funds of this Province for one district or another district, that it was not distributed in a partisan sense, that if you could do that that you can manage to pare sufficient funds because what are we talking about? \$25 million I believe, something in that region to balance.

MR. DOODY: - \$55 million -

MR. STRACHAN: There was question of it turning \$55 million.

AN HON. MEMBER: You are in for \$30 million anyway.

MR. STRACHAN: You are in for \$30 million regardless.

MR. NEARY: You are in for \$30 million whether you owe for -

MR. STRACHAN: When it closes, you still have to put in about \$30 million so you require \$25 million regardless of the funds if you could give us

MR. STRACHAN: the information and lay out the information to us so we can see it clearly and openly whatever the funds are. Be it \$25 million or \$35 million or \$55 million or \$60 million.

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

MR. STRACHAN: Sure.

MR. SMALLWOOD: Do I understand him to be suggesting to the government that the amount of loss there is likely to be this year to operate the mill, not to service the debt, but to operate the loss, that we would agree on this side to an even-handed reduction in all kinds of things to make up that money?

MR. STRACHAN: What I am essentially suggesting is that in order to keep that mill going, and it is an investment to the people of this Province -

MR. SMALLWOOD: Count on me. I will vote for it.

MR. STRACHAN: And if it could be done, and we must admit the fact that we are with our backs against the wall and instead of the idea of selling the Stephenville and the Bay St. George area that is draining the rest of the Province because it is the people of this Province, all over the Province that has this investment, this \$300 million investment that is owned by them essentially regardless of whatever reason, it is owned by them, and to close that down and let it sit there it is still their investment which one day might be taken over by an outside corporation for a very low sum and essentially a give-away, a fire sale possibly, or we may try to negotiate with them but they will have the upper hand of the negotiations.

Why could we not decide now that under their contract, their management contract, that they come in and run that mill because the government should not be, and we have all agreed to that I think fairly well, the government should not be in the business of producing linerboard, that if we could manage to scrape by whatever means the amount of money we require to keep that mill going are we prepared and are the people of this Province and the

MR. STRACHAN: administration and ourselves prepared to make these kind of sacrifices? Now that is a very big thing to sell and I agree with it. But the thing is that the people on the West Coast are our brothers and sisters, we are all in it the same together, and the people of this Province, every person in this Province virtually owns that mill. It is our resource. It is the reputation of every person living in this Province who will be blackened in the business world of North America because this mill closes down quickly on the heels of Come by Chance, that we will be looked upon in a scathing fashion by people in the business world.

MR. STRACHAN: And if there is any way possible that we can manage to put those funds together then it has to be a concerted effort at which we all sell it to everyone in the districts and everyone of the people in this Province that we require their money and we believe we do have an investment which can work. It is incumbent therefore on the government to make very clear and very plain all information pertaining to the mill, so that we can sit down and look at all the information and we have as much information as they have so we can make decisions based on wisdom.

I felt strongly about that not only on Linerboard or forest resources, but I also feel it on many other of our renewable resources, that we cannot have a policy for one government because they are over there on a renewable resource and then next election change the policy around for another administration, and then the next election after that change the policy around for another renewable resource because then of course in the business world, the businessmen and the industries and corporations will not know where they stand with us and will therefore only plan for four or five years and be prepared to change their policies. For instance, in oil and gas, and I will certainly debate this when it comes up, that I think that if this administration develops the policy in oil and gas which is against the principle of our policies here, then when this side is over there and we go and try and change these contracts or change some of the basis of our arguments, our policies, we are going to look very difficult, very obstinate and stubborn people in the business world. So I think that we require a far more rational approach, a far more logical approach, and a far more non-partisan approach to the use of resources in this Province so we can develop long term policies and not short term purely political policies.

MR. DINN: Would the hon. member permit a question? Are you saying that, for example, in the water and sewer for this year that we should take the \$15 million or \$20 million and put it into the Linerboard and no water and sewer? Is that what you are saying?

MR. STRACHAN: No. No. No. I am not saying that at all. What I am saying, I do not know what we have.

MR. DINN: It is equally distributed.

MR. STRACHAN: Yes. I am not saying that at all.

MR. WHITE: This year.

MR. DINN: It was last year. Do you want to see the figures?

MR. WHITE: No, I showed you the figures 'Jerry'.

MR. STRACHAN: If I can respond to the minister. I was not meaning that in any partisan sense at all and I was not referring to his department at all. I mentioned water and sewer. I mean public services in general. I am sure that if we looked at public services we could find a lot of extraneous amounts of money and some amounts of money which are spent in some ways which could be saved. If we are to tell the people of this Province that you have a choice of this or the Linerboard going down, and the Linerboard is your \$300 million investment- and I do not want to get pickey about it or get into small things, not at all- I think that maybe some people in some areas and so on would accept that, that there are some funds which cannot be spent or monies available. They have had a great deal in the past. They are fairly well off. They are reasonably well off and that \$2 million programme for their area is not ready to be acquired this year, that next year would be fine. If they realize that that is sacrifice, that that \$2 million was to be utilized and used for a resource which they themselves own anyway, but I am sure that you could put together out of the \$1.25 billion budget for this Province this year, I am sure that if we sat down and very carefully went through it that we -

MR. STRACHAN: I think if we had to make the sacrifices people would maybe want to make them. The thing is whether the politicians want to make them, not whether the people want to make them. And if you can save that kind of funds then surely we have sufficient funds then to put into Linerboard to keep it operating as long as we understand and as long as it is expressed to us that Linerboard can function, that it can work, that all the facts are on the table and we really do believe it can work.

Now I say that on the basis of not having any facts at hand or information at hand, but the minister did state that nothing positive has come from this side, and we are sitting here without the information that the government has, the administration has to make their decision on Linerboard. And what I am stating is that possibly that, maybe one of the positive things we could think about of trying to save sufficient funds - what

MR. STRACHAN:

are we talking about? Two per cent is it, two and a half per cent, \$25 million out of \$1.25 billion - is two per cent?

AN HON. MEMBER: No.

MR. STRACHAN: Something like that. If we could save two per cent, for instance, or three per cent, of that region, if we could save three per cent of the budget of this Province this year, bear it down and take three per cent and put it in the Linerboard as our farther investment and already a very huge investment that this people already have, and surely we could sell this idea to people, that we are going to try and make that investment because we believe, as is pointed out by management of the mill and by the advisory board, that possibly, and we could make that decision six months from now when the final reports from the advisory board come out, not the preliminary reports but the final reports come out, we could then be in a position to realize whether we do make that decision then, that if an advisory board advises that the mill could function and be viable and turn around in three years as the member for Stephenville (Mr. McNeil) has stated, that this could be done, then why lose a \$300 million investment? Why close it down, with all the incumbent unemployment and welfare, and then plus the fact the start-up costs down the road a year or two years or three years would mean a tremendous amount of money to be ploughed into the area to start the thing up again, if we can continue it. And I know this is a contingency kind of thing, but I throw it out and hope that maybe it could be looked at, that a response could be made on it. But I would say that we would only be convinced of the honesty if we on this side were party to some of the decisions as to how money is going to be scaped off in some of the public services in rural Newfoundland and Labrador. But I am sure that we would feel that it is a worthwhile suggestion, that it could be looked into and possibly an avenue should be explored. And I feel that if the government and the administration is really

MR. STRACHAN:

fundamentally interested in keeping that area alive, and not only that area but the whole ripple effect, the domino effect all over the Province, and the attitude that people outside of this Province hands to us that surely our backs are against the wall, all of us, and we should therefore be able to take this approach and look at this kind of an approach. And I say it in a total nonpartisan, nonpolitical fashion, that surely we can save or scrape two per cent, two per cent of the budget of this Province this year to keep that mill going, if we can keep it going and if it has been deemed advisable by the advisory board and by the management that it can be going and one of the big corporations will take a management contract. Let us sell it to them for a song. Let us give it to them. It is our investment that people have \$300 million into. We own the resource. They manage it for us as only they can do best. They are the only ones who can. So I throw that out and propose it as sense and hope that someone will respond to it.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, I thought for a moment there that the hon. gentleman who just took his seat, Sir, was reading my mind over supper time. But the hon. gentleman went off on a little bit different tangent than I am going to steer my direction at the moment, Sir. I believe we should do something positive at this particular point in time, Sir, but not necessarily what the hon. gentleman suggested. So after my few remarks, Mr. Speaker, I am going to throw out what I feel is the only alternative to this House at this particular time. I am going to, if it is in order, Sir, after a few brief remarks, I am going to move a sub-amendment to the amendment.

AN HON. MEMBER: That is not in order.

MR. NEARY: It is in order, Sir.

AN HON. MEMBER: It is not.

MR. NEARY: How does the hon. gentleman know it is not in order when

MR. NEARY:

the hon. gentleman has not even heard it yet?

Mr. Speaker, we have heard over the last couple of days a wide ranging debate on the government's decision to close the Linerboard mill at Stephenville. And the debate has been a good one up to the present time. It has given members, especially on this side of the House, an opportunity to get a lot of things off their chest. There was a lot of things that had to be said about the operation of the Linerboard mill over the past three or four years. There have been a lot of mistakes, a lot of blunders.

MR. NEARY: Some have been pretty costly. There have been - It has been pointed out by members on the government side of the House, Sir, that the fault does not necessarily rest with the administration that is presently in power. Well that is an argument that we have been hearing now for five years and it would only lead one to ask a question, Sir: When will the administration start to accept responsibilities for their decisions? After five years in office I do believe, Mr. Speaker, that some of the things that have happened in the past five years in this Province that have added to the financial mess that we are in in this Province, some of the responsibility for this, Sir, must rest on the shoulders of the administration that have been running this Province for the past five years. You cannot blame everything on the previous administration. And that argument, Sir, no longer has any creditability in this Province. My hon. friend from St. John's East can get up all he likes and stick the darts into the former Premier of this Province, attempt to smear the former administration and the former Premier of this Province, attack the hon. gentleman's character and all that but that will do nothing, Sir, that will do nothing for the Linerboard mill in Stephenville, believe me.

Mr. Speaker, we have heard the hon. member for St. John's North stand up and preach us a sermon on how to make linerboard and how to make paper when the hon. gentleman knows as much about making linerboard and making paper as my posterior knows about snipe shooting. The hon. gentleman was taken to task tonight on CBC, Here and Now by the union representatives and I must say, Sir, I have to congratulate that gentleman for the excellent presentation that he made tonight on CBC's Here and Now and brought out a fact, by the way, that hon. gentlemen—that I would think have escaped the attention of hon. gentlemen on both sides of this House. And when we are talking about the deficit of the Linerboard mill, it is not fair for the government to throw in the principal and the interest on the capital outlay, the capital amount that was necessary to build that Linerboard Mill. The

MR. NEARY: actual loss on -the actual deficit rather on Linerboard this year in the current fiscal year is around \$85.00 according to the figures that the union produced and were confirmed.

AN HON. MEMBER: \$88.00 a ton.

MR. NEARY: \$88.00 a ton. So that is a far cry, Sir, from four hundred-and-some-odd dollars that we have been hearing about, the figures that have been bandied about. I am more inclined to think that the president of the union is correct, that the actual deficit is only around \$85.00 or \$88.00 a ton

MR. DOODY: That is this year.

MR. NEARY: That is this year, Sir, and that would go down next year and be wiped out; as a matter of fact be turned around and turned into a profit in the third year. And that fact does not seem to have registered with hon. members.

Then there is the question of the timber resources, the timber rights in this Province that we have given up to Bowaters and Price Newfoundland Limited. Everybody seems to walk on egg shells when it comes to these two companies. Everybody seems to think, and we have heard the fear expressed again during this debate, that if we do anything to rearrange the timber resources here on the Island of Newfoundland that Bowaters is going to shut her down, Price Newfoundland are going to pull the plug, and the people in these areas are going to be left high and dry. Well, Sir, I am inclined not to believe that. These two companies have done pretty well in this Province. They have taken literally billions of dollars out of Newfoundland in the past forty or fifty years in profits, profits that went to shareholders outside of Newfoundland and outside of Canada. And I do not think for one minute sitting down negotiating the timber resources, their concessions, to try to get a low cost wood, a lower cost wood for the Linerboard Mill is going to

MR. NEARY: drive either Bowaters or Price out of this Province. They may not like it, Sir. But I say if they do not like it they can lump it. They are our resources and if we want to keep the Linerboard mill afloat then the key to the success of the Linerboard mill, as the President of the Union indicated, is that they have to get wood at a cheaper price, lower cost wood. Well that makes sense, Mr. Speaker, it makes sense and you are not going to get anybody to look at that Linerboard mill unless you can get wood at a lower cost delivered to Stephenville. Therein lies the problem, Sir, and we can hope and pray, and the Minister of Finance can say, Oh he is down on his knees every night hoping and praying that something is going to turn up. Nothing is going to turn up unless this House is prepared if necessary to bring in legislation, if we have to, if Price and Bowaters will not do it in a reasonable manner, will not sit down around the table and negotiate with the government of this Province, then let us bring legislation into the House and force them to do it.

And oh, Mr. Speaker, there are people now cringing when they hear me say that. There are people saying, "Well you are going to turn the place into a banana republic." I can almost read their mind. Well, Sir, as far as I am concerned we put up with this now long enough. Bowaters once threatened to pull out of Newfoundland, It was a very mild threat, When their bluff was called they were not long before they changed their mind. And I do not think for one minute; Sir, that either one of these companies, if they want to be good corporate citizens in this Province and in Canada, either one of these companies should reject the request of the government and the Legislature and the people of this Province to rearrange the timber resources so that we can get a lower cost wood for the Stephenville Linerboard operation.

MR. NEARY: There was a time in this Province, Mr. Speaker, when according to the experts, Dr. Stuart Peters, who has now suddenly become an instant expert on industrial development in Atlantic Canada, and the other gentlemen, Mr. Ed Ralph I believe it was, who was the Chief Forester with this Province, who was sent down to forestry school I believe down in Connecticut and is now back running our -

AN HON. MEMBER: (Inaudible).

MR. NEARY: No, he did not get his furniture sent down on a water bomber, but the hon. gentleman tried. This gentleman is now setting up lumber mills in Newfoundland. This gentleman was supposed to be an expert on forestry.

MR. MORGAN: Mr. Ralph.

MR. NEARY: Ed Ralph and Dr. Stu Peters, and there was a time when they were advising the administration that it was feasible to start a fourth paper mill in this Province, let alone a third.

MR. MORGAN: - Stephenville again.

MR. NEARY: So, Mr. Speaker, there is no doubt about that, that certainly made sense to me, Sir, that the thing to do is to try and negotiate with the paper companies to change the timber resources, their rights in this Province.

Mr. Speaker, another point that was brought out, I believe by the hon. member for Stephenville, was the fact that the workers in Stephenville at the Linerboard mill have already made sacrifices. They were prepared over the last couple of years not to rock the boat. They were prepared to accept lower increases in pay than their counterparts got in the paper industries across Canada, and it may interest members to know that the paper makers at the Linerboard mill in Stephenville are the lowest paid in the industry. There is an indication of sincerity, Sir, there is an indication that the workers themselves and the people of Stephenville were prepared to make sacrifices. The office workers at the Linerboard mill are the lowest paid in the industry. The tradesmen at the Labrador Linerboard mill are the lowest paid in the industry.

MR. NEARY: And the operators at the Linerboard Mill at Stephenville are the lowest paid in the industry. These are facts, Mr. Speaker. My hon. friend says we still cannot make a go of it. It is not the fault of the employees. God only knows they have tried. So, Mr. Speaker, we can go on and on and on, one side of the House accusing the other of trying to make cheap political points, of playing politics with this very serious matter that we have before us in the Bay St. George area.

No doubt, Sir, I must say, the Hon. Minister of Justice, the Government House Leader today hurled a few broadsides at the Opposition and accused the Opposition of making cheap political hay, playing politics with this matter. Then the Opposition no doubt will get up and hurl a few more insults and a few more broadsides at the Government and accuse the government of playing politics.

Mr. Speaker, you cannot help then but asking yourself a question, how do you keep politics out of this? The Premier will take to the airways and take to television and stick a few darts into the Leader of the Opposition. The Opposition generally, the Leader of the Opposition, will question the figures and stick a few darts into the government. The figures will be questioned back and forth. There will be members on this side who say we do not believe the figures. What is it they say about figures? Figures do not lie, but liars can figure. The government will get up and say, the figures are authentic because we have had them checked by the Advisory Board, and so on and so on. So the argument goes on and on and on and nobody wins. The ones who will suffer, the people, the employees first and then the people in the Bay St. George area. I believe, Mr. Speaker, sincerely, that the matter has to be removed from the realm of politics, that the matter has to be lifted above

MR. NEARY: partisan politics. Maybe I am naive, Sir, maybe it cannot be done. But I say it can be done. The only way it can be done, Mr. Speaker, is for the government and the Opposition, the official Opposition and the government to agree to the appointment of a special committee of the House -

MR. J. CARTER: Not you!

MR. NEARY: The Hon. gentleman can leave me out if he wants to, but I certainly would leave the hon. gentleman out. The hon. gentleman may know a little bit about savoury but he does not know anything about linerboard. Mr. Speaker, a special committee of this House is urgently required at this moment. It is the only way, Sir, that we as elected representatives of the people can do a service to the people of this province, especially the people in the Bay St. George area. Have members appointed to the Committee representing both sides of the House, defuse this political atmosphere that we have at the present time.

Mr. Speaker, another reason why we should have this special committee set up is because the House is going to adjourn in another three or four weeks - well the House will adjourn before the middle of June, I will predict that right now, because the middle of June, but, Mr. Speaker, fortunately, fortunately, Sir, the Linerboard Mill has a six months stay of execution. During that time we must not sit back on our haunches and wait for something to happen. If we had this special committee it could work hand in glove, Mr. Speaker, with the employees group, with the unions, it could work along with the Advisory Committee, it could work with the people in the Bay St. George area, it could work with the officials of government, and it could work, Sir, with management, and the people of the Bay St. George area, with a view, Mr. Speaker, of co-ordinating the work of all these groups and scrutinize all the reports and documents etc. that will result over the next three or four months from the work of the Advisory Board

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Mr. Neary:

and all the other groups in the Bay St. George area. And above all,
Sir, it would keep the Linerboard problems above partisan politics.

MR. NEARY: And we could use the best brains, if we have any in this House, the best brains on either side of the House, both sides of this House to handle this urgent matter. Now there is a positive suggestion and I regret that the hon. the Premier is not in his seat tonight to hear that suggestion.

Mr. Speaker, sometime in June this House is going to recess for the Summer. We will not be back any more until maybe some time in the late Fall, By that time it is too late, the Linerboard mill is gone. She is closed. The shutters are put on the windows. There will be no sense of urgency, the House is closed, but a special committee of this House can meet right through the whole Summer. A special committee of the House, Sir, would eliminate all the petty politics and bickering that we have seen over the last forty-eight hours in the debate on the decision to close the Linerboard mill at Stephenville.

AN HON. MEMBER: What are you reading?

MR. NEARY: I am not reading a thing, Sir. I have not got a thing, and if my hon. gentleman wants to come over and take a look, all I have here is an amendment that I am going to move and hon. gentlemen, I hope, will vote for it.

MR. MORGAN: Let us hear it.

MR. NEARY: Yes. The sub-amendment I am going to move, Sir, is in order.

MR. MORGAN: Seconded by whom?

MR. NEARY: It is going to be seconded by my hon. friend, the member for Port de Grave (Mr. Dawe).

Mr. Speaker, I am not making this amendment, by the way, I want to tell the House this, I am not making this amendment for unlimited time. As a matter of fact, when I move the amendment, and I had to write it out in my own handwriting, Your Honour, because my secretary is not here tonight.

MR. NEARY: I am not doing it for unlimited time. I do not need unlimited time. I do not think there is one new idea can be injected into this debate at this particular time. Everything that can be said about the Linerboard mill has been said. And I do not want the debate to collapse. The motion will be put, the government will vote - how will the government vote on this one? Let me see, what is the resolution?

MR. MORGAN: Oh! He has not seen the resolution yet.

MR. NEARY: The resolution - The government will vote for it. No, I think the resolution is just to have a debate, is it?

AN HON. MEMBER: (Inaudible).

MR. NEARY: The amendment, the amendment is a vote of non-confidence.

MR. DOODY: Right.

MR. NEARY: That is right. Once an amendment is moved it is a vote of non-confidence. So the Opposition have moved a vote of non-confidence in the government. They have amended the resolution. And, Mr. Speaker, the Opposition will vote for it, the government will vote against it, and then using their majority, and then the debate will die.

MR. MORGAN: No, you can go back to -

MR. DOODY: The government may have the opinion and assistance of hon. members -

MR. NEARY: Oh, there it is now. That is the key to the whole thing and I am glad my hon. friend read it out. Because there is why, Sir, that is what has motivated me -

AN HON. MEMBER: That is the original -

MR. NEARY: - that is right - has motivated me, Sir, to move a sub-amendment, if it is in order. And I am not going to make - as a matter of fact, once I read the amendment that is it, no long

MR. NEARY: winded speeches. Mr. Speaker, if we are going to accomplish anything at this point in time, Sir, it is to offer positive, constructive suggestions to the House and to the administration. Now if they fall on deaf ears well then that is not our fault. But nobody will ever be able to accuse me, point a finger at me and say that I played politics with this because I am not. I am begging and asking the government to set up a committee representing members on both sides of the House and use the best brains that we have in this House to try to find a solution to this problem.

Now that is a pretty fair proposition, Mr. Speaker, and having said that, Sir, I would like to move the following sub-amendment, to remove all the words after "that" and - I said substitute, what I should say is add therefore the following, "That the House appoint a special committee to work hand in glove with the employees groups, the management, the advisory board and the people of Stephenville with a view to co-ordinating the work of all groups and scrutinize all reports, documents, etc. to keep the Linerboard's problems above partisan politics and thus using the best brains available on both sides of the House to handle this urgent matter."

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: No, Sir, no, that is it, it is just written out in my hand writing, that is all.

MR. SPEAKER: I understand that this is moved by the hon. the member for LaPoile (Mr. Neary) seconded by the hon. the member for Port de Grave (Mr. Dawe). Therefore moved by the hon. the member for LaPoile, seconded by the hon. the member for Port de Grave, to remove all the words after 'that' and to substitute therefore the following, "The House appoint a special committee to work hand in glove with the employees groups, the management, the Advisory Board and the people of Stephenville with a view to co-ordinating the work of all groups and scrutinize all reports, documents etc. to keep the linerboard problems above partisan politics thus using the best brains available on both sides of the House to handle this urgent matter."

MR. SPEAKER: Is the House ready for the question?

MR. DAWE: Mr. Speaker.

MR. SPEAKER: The hon. the member for Port de Grave.

MR. DAWE: I did not intend to speak at this present time. Actually I had a call in to Stephenville to try to get some further information. In supporting this amendment by my hon. friend from LaPoile (Mr. Neary) I made it quite clear to him in doing it I did not want to use it in any way as a device to prolong the debate. But since I have been a member of this House I have never been so perplexed, or given such deep concern, as I have to voting on this important matter. I want to assure all members on both sides of the House that I am not going to be involved in any partisan, cheap politics in this matter. I do not intend to and I am not going to get involved in any way.

I would like to suggest to the

MR. DAWE: government to reconsider, or to at least try in any way possible to delay the closing of this mill. I do not think there is anything I can add to what has been said these last two days, but I have one or two suggestions. Probably it may be practical, or it may not, but I would like to bring to a committee - probably it has been looked into by the Advisory Committee previous to this.

The last few years I have had considerable experience in bringing bulk cargo into Newfoundland, and I have some idea of the costs involved. A company that I am associated with last year brought in 80,000 tons, which I would say is a fair amount, 80,000 tons. There is a way to reduce the costs, in my opinion. I could advise the House on freight rates, and I am sure the House would be amazed.

I can also say that I am familiar with the discharging of products brought into Newfoundland. We are in the salt business for fishery purposes, and road salt. There is the possibility today to bring in salt - that is in bulk form now, from New Orleans to Newfoundland, nine days steaming to Argentina from New Orleans - and bring it in at the rate of \$6.50 per ton. This is a self-unloading steamer. She is capable of discharging at the rate of 1,500 tons per hour, 1,500 tons per hour.

The hon. member asked me to second his motion just as I was going to make a call to Stephenville to find out the number of cubic feet in a ton of chipped wood. If I knew the actual number of cubic feet in a ton of chipped wood, I could explain to the House -

AN HON. MEMBER: About one hundred.

MR. DAWE: About one hundred? - what it would cost to ship that chipped wood from Happy Valley

MR. DAWE: to Stephenville. We are planning to bring in salt this year and I have a brochure here from M.M.Patterson and Sons Limited, a Canadian company. There is an 800,000 ton bulk carrier. She has 3,230 cubic feet. This ship made her maiden voyage

MR. DAWE: last year. She is in England. She is going to England in July. They are placing on that ship two six ton grab buckets. If that ship was bringing grain or salt to Newfoundland she will be able to discharge at the rate of 512 tons an hour for salt and 464 tons an hour for grain. May I say, Mr. Speaker, that those wood chips could be discharged and placed in piles at Stephenville for not more than \$1.50 per ton. \$1.50 per ton! We have had experience in this boat cargo movement and we can go into Stephenville and discharge salt and place it and load it on trucks for \$1.50 per ton. So I try to bring this before the House, that probably I do not say - I mean, the men who are on this committee are very experienced. They have looked into this. But what I am complexed with is why should the cost of the wood be so expensive to move it from Happy Valley to Stephenville?

As an example, I related to salt because it is a thing that I am very familiar with and these wood chips is a bulk cargo to bring salt from New Orleans to Argentina was \$6.50 a ton, but to move that salt then from Argentina to Clarendville to the Highway Depot by truck would cost you \$6.50 a ton. So I am trying to relate that if it is done in the proper way, the way things can be done, it costs just as much to move that salt from Argentina to Clarendville as it is to bring it from New Orleans to Argentina.

I am very perplexed in this matter, Mr. Speaker. I am non-partisan, and all I hope and pray is that the government could find some way to keep this mill in operation. I did support this Bill when it came before the House when I was a member. I would say if this present government brought in a similar measure today I would be supporting the same thing today, anything that would give employment and any industry that is based on natural resource.

MR.DAWE: I am not supporting this in any way in any non-confidence in the government. I am not a person who believes in criticizing this one or criticizing this, that or blaming this one or blaming that one. To me that gets you nowhere. I am doing this in good faith and with the utmost sincerity that in some way that for the good of Newfoundland this mill at least could be prolonged in any way to provide at least one more try. We realize the position that the Minister of Finance is in, the position of the province. Every member knows the financial difficulties, inflation, the cost of water and sewerage, the cost of highways, demands on the Treasury. I had made a note even before this. When the hon. the Minister of Justice spoke this afternoon then I was prepared to make sacrifices in my own district if this is what is required to help to keep this mill going, to give it a second chance.

So, Mr. Speaker, my remarks will be brief. I will just point out to the members of the House my concern in this matter. I do trust that it will be taken not as a motion - or not as an intent of non-confidence in this government, which I have not. I do not want to be associated in that manner but I do this with deep desire and concern. I do trust that in some way, I repeat, in some way the government could probably reconsider their position in this matter and in some way that ways could be found at least to give this mill another try.

I hope that this Select Committee could be appointed and in a non-partisan way. I do not want to be a member of that committee. I would not have the time to be a member of that committee if I were asked.

MR. DAWE: I will be busy in my own business when the House closes, so I am not doing that to try or to suggest in any way that I should be a member of that committee, but I would pass on any information that they would think might be of any help to them.

I do say, Mr. Speaker, that I have much pleasure in seconding the motion proposed by my hon. friend from LaPoile (Mr. Neary), and I do trust that the government will accept this in the spirit in which we have done it. And by this being non-partisan, at least the people of Stephenville will feel that at least we have given it one more try and that by this means there may be the possibility of saving Stephenville. If after this trial no improvement is made in the operation of the mill at Stephenville, then I would have no other choice but to support and recommend that the mill would be closed. But at the present time I think, in light of the information that has been presented to this House - I understand there is a very capable manager there now by the name of Mr. Sweeney.

I do not go, certainly, for all those so-called experts. There are lots you read about, not related to this, but the cost of the development of James Bay Hydro electric, experts estimated the cost and it soared the line. The Concord Aeroplane; the so-called experts were so far wrong in their forecast - and you could go on. People who are trained and are supposed to be so-called experts have been proven to be so wrong and they could be proven to be wrong at this time. That is the spirit in which I second this motion and I trust that the government will give it their most serious and careful consideration.

MR. NEARY: Thank you, 'Eric'.

MR. SPEAKER: Before asking if the House is ready for the question or recognizing any other hon. gentleman, as the case may be, I would inform hon. members that I have made a minor alteration as to form in the sub-amendment. As hon. members know the Chair may do that, not as to content, obviously, but as to form, and that is, instead of the amendment reading to remove all the words after 'that' and substitute the following, the amendment will read, "To add the following words to the motion. 'And furthermore that the House appoint a special committee etc.' identical thereafter.

Is the House ready for the question? Those in favour 'aye', contrary 'nay'. In my opinion the 'nays' have it.

AN HON. MEMBER: Devide.

MR. SPEAKER: Let the House divide. Call in the members.

DIVISION

MR. SPEAKER: Those in favour of the motion
the sub-amendment please stand.

Mr. Hodder, Mrs. MacIsaac,
Mr. Canning, Mr. Strachan, Mr. Nolan, Mr. Simmons,
Mr. White, Mr. Smallwood, Mr. Rideout, Mr. McNeil,
Mr. Neary, Mr. Dawe.

MR. SPEAKER: Those opposed to the motion
the sub-amendment please stand.

SOME HON. MEMBERS: Shame! Shame! Shame!

The hon. the Minister of
Transportation and Communications, the hon. the Minister
of Social Services, the hon. the Minister of Rural and
Industrial Development, the hon. the Minister of Justice,
the hon. the Minister of Finance, the hon. the Minister
of Municipal Affairs and Housing, the hon. the Minister
of Fisheries, the hon. the Minister of Manpower and
Industrial Relations -

SOME HON. MEMBERS: Shame! Shame!

- the hon. the Minister of
Education, Mr. Young, Dr. Twomey, Mr. Goudie, Mr. Windsor,
Mr. Cross, Mr. Patterson, Mr. J. Carter, Mr. Woodrow,
Dr. Winsor, Mr. Marshall.

MR. SPEAKER: I declare the motion lost.
Twelve voting for it, nineteen against it.

The hon. the member for Naskaupie.

MR. GOUDIE: Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. GOUDIE: The remarks that I have to offer,
Mr. Speaker, can apply either under the sub-amendment or
the original motion. There has been very little emphasis
placed on the situation, not as it exists now in Goose
Bay - well that is part of it, Happy Valley - Goose Bay area,
Northwest River and Mud Lake, three of the four communities
in my district which are directly affected by the close-

MR. GOUDIE: down, or the eventual closedown of the Labrador Linerboard mill at Stephenville. We are fortunate, I guess, in some ways in that we have already gone through it. We started last October in the Happy Valley - Goose Bay area when the axe was dropped, and the people now, they have agonized through it all Winter. They have fought all Winter, they have tried their best all Winter to stay alive. So we are not directly affected anymore.

What I would like to do in offering these few remarks is just provide a brief sketch. I should like to use a few figures tonight - a lot of people have been using a lot of figures today - to try and describe for the hon. House, and through the hon. House the public, I guess, of this Province, and explain a little bit about the Happy Valley - Goose Bay, Northwest River and Mud Lake areas. I will just read some of the facts and figures as I have them here in this sketch which was compiled on the 19th of January 1977, although looking at some of the figures I would suspect that some old figures are being used.

MR. GOUDIE: To start at the top, the Town of Happy Valley/ Goose Bay was a result of the amalgamation of the two towns of Goose Bay and Happy Valley in 1974. Prior to that there were the Town of Happy Valley and the local improvement district of Goose Bay. It goes back to 1941 when the RCAF decided to establish a base to serve as a refueling base for Allied aircraft. I think that is a pretty shakey start for any town to have, Mr. Speaker, in this Province, a town that is built around an operation that is designed to carry out war - the war was already going then - but when you have to base a civilian community in this Province on an industry which supports war, the killing of people of the world, then you are off to a fairly shakey start. Hopefully wars are never going to continue for an indefinite period of time, otherwise we would not be around here to worry about it anyway.

Happy Valley was established five miles from Goose Bay in 1943 by a group of civilians who began work on the base. The main impetus for growth came about when the United States Government signed a twenty-year lease with the Canadian Government for land on the Goose Bay reserve to construct the USAF military base which eventually housed 10,000 personnel and their dependents - that is just the military people we are talking about here, not the civilians.

With the RCAF, RAF and large USAF presence, there were significant demands for civilian employment on the base. Thus, the population of Happy Valley increased by over 4,500 between 1951 and 1971.

The Labrador Linerboard operation which commenced in the early 1970's provided more impetus to the local economy. However, the problems began surfacing in the mid-1970's when the USAF announced that it intended definitely to close down its operation. At this point in time, there are ten USAF military personnel in Goose Bay - no dependents.

MR. GOUDIE: The effect of this was somewhat cushioned by the Federal Government's announcement that it would keep the base open and hire most of the USAF civilian employees. It was estimated that the net effect of the USAF pull-out would result in a reduction of airport employment from 1,083 personnel to 850.

The crunch came in 1976 when the Gull Island power project did not proceed and it was announced that Labrador Linerboard would phase out its operations in Labrador. Linerboard employed 250 permanent personnel and 400 seasonal employees who worked in the Goose Bay area. Most of these employees - the seasonal employees, and many of the permanent employees - were people who had moved in from the Island part of the Province.

I guess this next paragraph is fairly important. Prospects for the future are not that bright. The mainstay of the economy is the 850 jobs at the airport, and unless a successful woods operation can be established, it would appear that there will be a decline in the size of the community.

So, I sympathize with the comments so ably put today by the hon. member for Stephenville (Mr. McNeil). I think he did a tremendous job in his presentation.

As I have said, we have been going through this in Goose Bay on a smaller scale, although we are not talking about 25,000 people in the Happy Valley/Goose Bay area - it is a considerably smaller population than that. As a matter of fact, the population figures here for 1976 is 8,114 people.

We could go on right down through - although there is very little point, I think, to go over the past history of - the average salary of \$8,600 per person in the Happy Valley/Goose Bay area a couple of years ago and compare it with what it is now - there would be very little point in that, I think. But, just in terms of the unemployment itself in the area, these figures were

MR. GOUDIE: compiled on the 30th of April this year, 1977, with a comparison to figures on the 30th of April, 1976. I would like to point out that the figures I am going to use also represent coastal communities from L'Anse au Clair to Nain, but in terms of percentages the figures used as part of the overall total represent between one and a half and two per cent of the total figures we are talking about.

MR. GOUDIE: 1977; job vacancies right now are forty-five. In 1976 there were seventy-three. But the registered clients with Canada Manpower in Happy Valley - this is an interesting one - 1977; 2,536 people unemployed in a town with a population of a little more than 8,000. 1976, still heavy unemployment then, but not nearly as bad - 1,274 people. These people, the registered clients, for instance, in the general labour or construction, heavy equipment fields are 1,320 or 52 per cent of the registered clients. There are vacancies in the labour field, approximately 15 per cent of all jobs available for a total of 38 jobs. 230 people registered as of April 30. This is directly connected with the phaseout of the wood harvesting operation which well can be argued either for or against support of the Labrador Linerboard operation.

Canada Manpower in our area passed out or allowed 29 Mobility Programme grants to people to move outside the area. Their job placement - this is interesting for the area - placed 19 people locally, 5 outside - 24 people out of 5,536 in that one little area.

I mentioned in a few remarks a couple of weeks ago in this hon. House that I thought also that the largest employer in the area right now, the federal Department of Public Works, was laying off. So they had some of the figures checked out. I do not know - apparently my remarks were not well-founded at that point in time, because if these figures are accurate, and I have no reason to doubt them, and I was not accurate; however, it is going to be interesting to see what happens over the next couple of months. But as of July 1, 1976, they employed 531 people - that is the federal Department of Public Works. As of May 1, 1977, they employed 526. The projected programme, if you will, from the 1st of May to September 1st this year - 14 casual jobs will be terminated in June. So that may represent the figures that I referred to earlier, that is in a different debate. There are figures I can use here in relation to schools. I do not think it is necessary that I bring these figures out, but here is an interesting one. Last fall, we got the news in October I think it was, that the wood harvesting operation in the area would not continue any longer. Two or three trips of the William Carson - I am not sure - were booked for passengers going one-way in November to other parts of the Island. To date

MR. GOUDIE: for this shipping season, which will begin on 7th June - the boat leaves here to travel to Goose Bay and then return - there are 144 families who have made reservations to move one-way from Goose Bay. So I am going on the assumption from that figure that most of these families are former Labrador Linerboard employee people. I was not able to get any accurate figures on the effect of the closedown on business -

AN HON. MEMBER: 144 families?

MR. GOUDIE: 144 families reserved one-way. Now as I said, C.N. could not say that they were Labrador Linerboard employees, but if they are going one-way I think we can probably assume that many of them are, or most of them, the casualties from the closedown of the wood harvesting operations in the area.

The member for Stephenville (Mr. McNeil) when he was speaking suggested that perhaps I could tell some stories about the hardships the people suffered in this kind of a situation. Yes, I could and I just wanted to point out that governments federal and provincial when they employ people in that part of Labrador, and I think most other parts, offer a Northern living allowance. Generally I think the figure

MR. GOUDIE: the people put forward is that it cost ten per cent more in Labrador to survive than it does in the Island part of the Province. So, the benefits go up ten per cent as well.

I do not want to tell too many stories, but I think two, perhaps, bear repeating. I will, in a minute, get into and describe briefly the assistance that Government did come up with to help people through the Winter. I know of families, a number of families in Happy Valley, who moved into one housing unit, two families in one housing unit, so that they could get through the Winter, sharing the cost of the light bills, the heat bills, and the grocery bills, because their Unemployment Insurance and the little savings they had would not take them through the Winter because of the cost of living there - and we had an easy Winter, just two nights, thirty degrees below (Celsius) - that is all in the full Winter. That is hardly an average daily temperature, let alone a nightly temperature in my part of Labrador, at least for two months of the year. So, we got off pretty easy.

We did get some assistance, or we will be getting some assistance from Provincial Government shortly. I understand that up to a maximum of \$308 a month will be provided to families who qualify - people who were affected by this Linerboard closedown in my area. Cheques, I am told, will be coming out this week - are being issued this week - from Stephenville to help pay off some of the debt that people ran into in my area through the Winter - in the areas I mentioned - rent, light and fuel. So, that is a help. But, where do people go? They are going on the William Carson somewhere, they do not know quite where to - well, I suppose they know where they are going in terms of their actual physical move. I do not know if they know where they are going in terms of employment.

But, all of this stuff, the social effects that this kind of a major closedown has on an area, brings out many feelings and many reactions in people. I was a little bit surprised one day last November. I received six phone calls one afternoon

MR. GOUDIE: between about 3:30 and 5:00 o'clock in my office from various people that I knew were working with Linerboard. They were telling me: "You had better get out of your office. There are 100 Linerboard employees coming down to tear it apart!" I said, "You are joking, you are joking, they would not do that", so I brushed it off. I got home and just finished supper at 6:00 o'clock and the RCMP called: "We have our full Force, 24 RCMP officers, on full standby for the night. We just wanted to let you know that. We are not telling you to move your family. We are not telling you to do anything. We are just telling you that there is a group, allegedly a group of Linerboard employees, who have decided they are going to use you for a scapegoat and tear apart your house and your office, if necessary, to make their point." So, I shipped the family out - moved them out of the house - my wife, my seven year old son and my five year old son. So, do not tell me about the social effects the phasedown or the close-out of an industry this size has on anyone. I know. I know what I am talking about.

Well, that is it. It is done in Goose Bay. It is finished.

I am going to wind up my remarks because I cannot speak with any knowledge on the financial implications of keeping it open or not keeping it open. I can guess. I prefer to sit back and listen to the experts and hear what they have to say. The social effects I can talk about. I have illustrated my point, I think.

So, what are the alternatives for the Happy Valley/Goose Bay area? I keep saying that we have gone through the stage where everything is closing down. There is one little group of people who were affected by this operation and who still have not gotten satisfaction - at least, in their opinion and in my opinion. There are ten men who own trucks, representing investments of \$40,000 - \$50,000 - \$60,000 each - there are fourteen trucks

MR.GOULDIE: involved - who are now trying to get assistance from the government. I hope that they will get some kind of assistance through a loan, or small grants so they can convert their vehicles and take advantage of some road construction which thankfully will be going ahead this summer in the area, some work going ahead on the road from Goose Bay to North West River.

I hope that comes. We are holding discussions on it right now, maybe that will. What are the alternatives? Rayor Van Beke is one, I do not know if he is going to be an alternative or not. Up until Friday of this week he was employing directly in the area twenty-four men cutting wood. I do not know if the gentleman has been able to get or renew his permit to export wood. On Friday past he had not - at least I have not been talking, I should not have suggested that I was talking to Mr. Van Beke himself. I was talking to his representative here in St. John's. I certainly hope that they can come up with some kind of an industry. They are not receiving, not that I know of, any financial assistance from this province, if the Minister of Finance can indicate I do not know .

MR.DOODY: No, nothing.

MR.GOULDIE: So, if it goes or fails it will do so on its own merit. I hope it goes ahead. I am not all that fond about a European company coming in and skimming off the profits. Granted, in doing that they will provide some employment. I would like to see some of the profits stay in the area for a change. We have a tradition of shipping things out of Labrador, elsewhere.

We have a second alternative, because government kindly agreed to put the cost of a survey, a market survey and a feasibility study which hopefully will be completed in the next five or six months, it will give

MR. GOUDIE: some indication of whether or not it is practical to go ahead with the sawmill operation or some other type of operation.

The third alternative is - I do not know if it is an alternative yet. But the possibility is there I guess. The Happy Valley - Goose Bay Development Corporation is not in place. They have hired a director. They were funded jointly by the provincial and federal governments with a sub-agreement which was signed this spring. They are going to look into markets as well. Not just European markets, I understand, but I also understand they are looking for other markets. But if the telegram has not arrived in the Premier's office right now it will be within the next few hours. They are sending a request, an official request from that development corporation to government that government leave the Labrador Linerboard equipment which is presently in Goose Bay, leave it in the area for an additional three months, while overseas markets are being investigated by the Happy Valley-Goose Bay Corporation.

I do not know what the reply is going to be. I would urge the government - well the equipment is going to have to stay there until June anyway. There is no way you can get it out

AN. HON. MEMBER: (Inaudible).

MR. GOUDIE: Yes, yes. That is right after the shipping season is over we would like to see it stay a little while longer just in the hope that this development -

MR. ROBERTS: (Inaudible.) paid for by Ottawa .

MR. GOUDIE: - yes. Yes. It is just as well to let the equipment to rust in Goose Bay as it is to let it rust somewhere else.

MR. ROBERTS: (Inaudible.)

MR. GOUDIE: Probably it will not, at least not as quickly.

MR. GOUDIE: But anyway we are hoping, These are the three things that we hope will work out . I would like to commend the development corporation, and for the role it is playing government as well, in trying to help the people of Happy Valley-Goose Bay, North West River and Mud Lake to come up with some kind of an alternative industry. Two delegations came down during the winter months of 1976-1977 and discussed with the resources committee of Cabinet alternatives for the area. There was mutual agreement on both sides, government and the delegations concerned, that we did not wish to see a crown corporation involved any more in our area at least in harvesting wood, just based on past records.

So hopefully we will come up with a co-op perhaps. I do not know. I know the Minister of Industrial and Rural Development is extremely interested in this. And has been extremely active, he and some of his staff, in trying to come up

MR. GOUDIE: with some kind of a working plan for the area. So we are hopeful. Right now we do not have too much to go on for the Happy Valley - Goose Bay area but we are hopeful, and if the markets are there they will be found, I am sure, either by government or by the Development Corporation or both. And the technology to harvest the wood and - well, the technology to harvest the wood is already there. I think we need to come up with some kind of working plan or working agreement, if you will, whereby we can ship the wood out at a little cheaper cost than has been in the past. So I am not quite sure, Mr. Speaker, under which of the two these remarks fall, the amendment or the main motion. But they were some concerns from my area that I wanted to express, and I wanted to let the members, particularly the members for the Bay St. George area know that I sympathize with them and I feel for them. I just hope that their area can stay alive and I certainly hope that my area can.

AN HON. MEMBER: Hear, hear!

SOME HON. MEMBERS: Yield! Yield!

MR. MORGAN: Well, there were two who spoke on the other side.

AN HON. MEMBER: Go ahead, boy.

MR. MORGAN: Did the hon. gentleman speak in the debate before? No.

SOME HON. MEMBERS: Oh, oh!

MR. MORGAN: Is this his first time speaking in the debate?

MR. DOODY: No, he has not spoken.

MR. MORGAN: He has not spoken? Then I will yield.

MR. SMALLWOOD: Mr. Speaker, I thank the Minister of Transportation for his courtesy which he has shown to me on every occasion where we were involved together in anything.

I have deep sympathy for two hon. members of this House tonight - the member for Stephenville (Mr. McNeil) and the member for Naskaupi (Mr. Goudie).

It must be a mournful experience to see the way of living of your district - to see it die, to see disaster overwhelm it. Every member of this House, I suppose, has had experience of misfortune in

MR. SMALLWOOD: his constituency. This or that or the other thing has happened and it has adversely affected some of his constituents, but not many. The hon. member for LaPoile (Mr. Neary) when he was member for Bell Island had much the same bitter experience of seeing the only means of living for the great majority of the people of Bell Island disappear rapidly. That must have been a very bitter experience indeed. The latest is Stephenville and that area including a large part of St. George's district and a very large part of Port au Port district, and now the district of Naskaupi. I would guess that the economic condition of Naskaupi is the worst in the Province tonight. I do not know if the member for Naskaupi (Mr. Goudie) would agree with that. I do not think perhaps he heard what I said - that the economic condition of Naskaupi district is the worst of any district in the Province tonight. It is -

AN HON. MEMBER: The worst -

MR. SMALLWOOD: It is the worst of any district. In the case of Stephenville, the mill is still running.

AN HON. MEMBER: Yes.

MR. SMALLWOOD: And -

AN HON. MEMBER: We do not have -

MR. SMALLWOOD: - 400 to 500 men are employed in it at reasonably good pay. In the case of Naskaupi, the whole of the Labrador Linerboard company's operation has, I believe, ceased completely. I do not know to what extent this Dutch gentleman is operating there and how many men are working cutting -

MR. GOUDIE: Up to a week ago he had 24 people directly employed in cutting wood.

MR. SMALLWOOD: - 24 people - that would be a poor substitute for the larger - much larger number there have been.

MR. GOUDIE: Yes. But he is making an effort. I just -

AN HON. MEMBER: (Inaudible)

MR. GOUDIE: - wish him luck that he can -

AN HON. MEMBER: He is not to be condemned at the moment.

MR. SMALLWOOD: Oh, no. Who is suggesting condemning him?

Not I. I say,

MR. SMALLWOOD: however, the twenty-four men -

MR. ROBERTS: A pretty small number.

MR. SMALLWOOD: - directly employed by that Dutch gentleman is not a very happy substitute for the - what was it, several hundred men?

MR. ROBERTS: 536

MR. SMALLWOOD: 500 men who were employed in the bush in that part of our province. So, I feel keenly for these four hon. members of this House, St. George's, Stephenville, Port au Port, and Naskaupi. I would not have it happen to any hon. member. I would not have it happen to any part of our province. To me, perhaps more than to any hon. member of the House tonight, it is a tragedy that ought not to have had happened. It is a tragedy that began when the government with the unanimous consent of this House decided to nationalize that company. Or if not that company then the company's property. I am not clear at the moment which it was.

MR. ROBERTS: They bought the assets.

MR. SMALLWOOD: They bought the assets of the company, not the company. then, I assume, set up a new company in place of the one whose property they bought, and under a new name. wholly-owned by Her Majesty the Queen in right of Newfoundland a public corporation, a Crown Corporation. To me taking that over was as wrong as wrong could be. The government had all power, this House had all power and they could have exercised that power to exercise the most rigid controls over the company that existed. They did not need to buy the property of the company, its assets. They could have controlled the company. They had the whip hand. Just as they could have controlled the Churchill Falls Power Corporation. They did not need to buy out that company, to buy out the majority of the shares and become the majority shareholder. They could have controlled.

MR. SMALLWOOD: This House is the High Court of Parliament. This House can pass laws, which in the saying of lawyers, to do anything except one thing, no law, that this House can pass. Can make a man out of a woman or a woman out of a man. They say that doctors can do that. They have done it in a few cases. But this Parliament cannot. But there is not much within the constitution that this Parliament cannot do. It is supreme. It makes the laws of the land, within the constitution, within its jurisdiction.

The Parliament of Canada for the whole Nation has certain powers to make laws as laid down in the Constitution. And this Parliament here, which usually we call Legislature or House of Assembly, this is the Parliament of the Province of Newfoundland. It, within its limits as laid down in the Constitution, is supreme and it could have exercised absolute, and I mean absolute control over the company instead of buying out their property and going into business.

The government went into the business of producing linerboard paper. First, the government went into the business of completing the construction of that great mill. I think they were the best in office, the best part of a year before the mill was completed and production began in it. That was the beginning of the mistake. A great blunder, although it was unanimously accepted by this House, all hon. members on all sides voting for it, and speaking some of them in favour of it. I have just been reading the debates on Thursday May 4, and Friday May 5, 1972. It was a unanimous decision of the House. The House was wrong. It was not the first time the House was wrong. It will not be the last time. It was wrong on that occasion as it was wrong also to pass a law nationalizing Churchill Falls Power Corporation or

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MR. SMALLWOOD: authorizing the purchase of their shares
on what was in fact, in fact if not nominally, in fact a
compulsory

MR. SMALLWOOD: basis, and all the trouble, Mr. Speaker, has flowed from that first fatal blunder of putting the Government into something in which you had no experience at all. The Government of Newfoundland had never operated a great paper mill. In Grand Falls, a company had done so, in Corner Brook, a company had done so, but they were private companies. Here was a case where the Government of the Province went into the business of making linerboard paper, and in that, they had had no experience. They have had a little, the last two or three years, but they had had none. Maybe you can say they have been practising - they have been apprenticed to the business of manufacturing linerboard paper and they have not made a very good fist of it. I would not recommend them today to take over any linerboard paper mill and begin operating it, managing it, even with the experience they have had, because the experience they have had does not indicate that they are really competent managers of such a great mill. So, that is where the blunder was made, and from it evil results have come. Because, as it has been said so eloquently by my hon. friend, the member for Stephenville (Mr. McNeil) in his remarkably able speech today - emotional but factual, convincing, sincere; one of the best speeches I have ever heard of many hundreds of speeches in this house and in the old Colonial Building - as he pointed out in his speech today, it has been one long, almost unbroken, monotonous series of blundering mismanagement.

When the Government took over the property, I understand - I can be corrected on this - but I do understand that they found in existence a contract, a shipping contract with a highly reputable shipping company - I am not sure if they were English They were European. I think, perhaps, English - a contract for, I think, five years to transport the pulpwood cut in Goose Bay, in that area, to Stephenville. A contract had been made. It was for a term, I believe, of five years, and the prices to be paid by the mill for the transport of the pulpwood to Stephenville, the prices were named in the agreement.

MR. SMALLWOOD: Is it correct that the Government - and I have made this point sufficiently often that I scarcely need not say now at this point that when I say Government, the present Administration, in connection with the Linerboard paper mill I really mean one man; I mean John Crosbie, a powerful man, self-willing, a man of great power, great determination, great will and great ability, but no ability to run a paper mill. He had never run a paper mill, he had never worked in a paper mill, he did not know anything about paper mills, but he was a powerful man - is it correct that in effect John Crosbie took that shipping contract and tore it up and proceeded at once to make a new contract with the same company, the same steamship company, employing the same ships at several times the price per ton. Is that correct? If it is -

AN HON. MEMBER: I do not know if it is correct, but it does not sound like John Crosbie.

(inaudible)

MR. SMALLWOOD: If it is correct, it is a gigantic blunder, to say the least. If, when the Government took over, they found in existence a contract between the old company, the original company, and a European company - I believe British. I have been told it was British. In fact, I have been told it

MR. SMALLWOOD: is British. In fact I have been told their name and I have forgotten it - for a period of, I believe, five years at certain stated prices per ton of pulpwood to convey that pulpwood from Goose Bay to Stephenville; and that the government tore it up and proceeded to make a new contract with the same shipping company who would use the same ships to do the same work, but at prices between twice and three times as high as in the first contract. Is that correct or not?

MR. NEARY: Crosbies ended up in one of the -

MR. SMALLWOOD: Is that correct or not? If it is correct -

AN HON. MEMBER: - to my knowledge.

MR. SMALLWOOD: The hon. gentleman, to his knowledge not - I do not know if he was a member of the Board of Directors when that was done, if it was done. I do not know if, being a member of the Board of Directors, he was aware of everything that the Board did. I do not know.

MR. DOODY: - I was not at that time, no.

MR. SMALLWOOD: Is it correct that when the nationalization took place another contract was found to exist providing for the transport of the finished products of the mill itself in Stephenville to Europe -

AN HON. MEMBER: (Inaudible)

MR. SMALLWOOD: - and that it was for a period of, I hear, five years - that it, too was torn up, and that a new contract was made with the same company as the one with which the contract torn up had been made, but for considerably higher prices? Now if that is correct, and I have no personal knowledge that it is so, this -

AN HON. MEMBER: - What are the charges?

MR. SMALLWOOD: I am not charging. I am asking questions.

AN HON. MEMBER: (Inaudible)

MR. SMALLWOOD: I am asking questions.

AN HON. MEMBER: The hon. gentleman might have a new suit to wear tomorrow if he stays outside the House.

MR. SMALLWOOD: Is it correct that there was found to exist -

AN HON. MEMBER: Take your vile -

MR. SMALLWOOD: - a marketing contract to market the product of

MR. SMALLWOOD: the mill, and that that contract was for a period of five years? Is that correct? Was it with a man named Heinzl in Vienna? - a man, by the way, whom I met once at least, maybe twice? I was in his office -

AN HON. MEMBER: Wilfred Heinzl.

MR. SMALLWOOD: - in Vienna. Wilfred Heinzl?

AN HON. MEMBER: Wilfred Heinzl -

MR. SMALLWOOD: Yes. And Heinzl, the owner of four or five small factories similar to the one up in James' Lane. The making - oh, no - not similar necessarily because in James' Lane the factory, I believe, takes the finished product and makes boxes or cartons of it whereas his factories bring in the fluted material and the linerboard paper for front and back and make linerboard, cardboard carton material - and that that contract was for 240,000 tons a year, and that it was for a period of years, and that it was torn up. Now I could understand if the government or if John Crosbie took over the Linerboard mill as a sort of pet hobby of his own and was going to run it, that he would want to repudiate all contracts that existed before he took over. I could understand his doing that. I could understand his wanting to make his own contracts, including a contract for the marketing of the product. Now, Mr. Speaker, it is very obvious that if you have a paper mill, then the supply of wood for it is of absolutely basic importance. Without the wood, no mill. You cannot make linerboard paper without wood. It cannot be done. So getting the wood is of prime importance. Transporting it from the source to the mill that is going to use it is of prime importance. The conveyance, the transport of it, the shipping of it - prime importance. Then, assuming the mill is there and that you have first class management, the next thing of prime importance is marketing the output of the mill. That is of prime importance. If you fall down on the wood,

MR. SMALLWOOD: the mill has to be a failure. If you fall down on the marketing the mill has to be a failure. No matter how good the mill is, no matter how efficient the mill is, no matter how well it has been designed, no matter how perfectly and smoothly is operating its machinery inside of the walls, no matter how good the management is, if that wood problem is not solved and if the marketing problem is not solved then the mill has to fail.

So therefore it was of crucial importance as far as that great paper mill is concerned, one of the largest in the world, a mill which was nominally designed to produce 1000 tons a day but actually 1200 - and if the hon. members of this House wish to look up my speech when I introduced the Bill in the first instance they will find that I said the mill is designed nominally to produce 1000 tons a day, actually it is designed to produce 1200 tons a day - and it is only the other day quite recently that it actually reached the 1200 tons a day.

MR. DOODY: Budget day - 1196 on budget day.

MR. SMALLWOOD: 1200 tons a few days ago, two or three weeks ago.

MR. DOODY: They lost four hours one day.

MR. SMALLWOOD: On one day, yes, on one day. Well it is supposed to produce that every day. On that day, that is the only day it did produce the 1200. But if it can do it in one day it is a fair bit of evidence, it is rather convincing, rather persuasive that it can be done on two days and if on two then it can on three. But it might take a year or two more to get it constantly producing at that rate.

MR. DOODY: The market is still -

MR. SMALLWOOD: Apart from market. I am talking at the moment about the mill. I will come back to market. But I said the mill itself must be well designed, all the machinery in it must be well made, it must be well installed. You have then a

MR. SMALLWOOD: magnificent mill. If you have magnificent management you can get it up finally to its rated capacity of 1200 tons. This they have done. There is no complaint about the mill. I have not heard any complaint about the mill itself.

AN. HON. MEMBER: (Inaudible).

MR. SMALLWOOD: That may well be. That may well be. But the mill itself is a superb mill, one of the great paper mills of the world. I always bridled every time I heard it called the Linerboard Mill. You would think it was a shingle mill, making shingles or something, making some kind of lumber, some kind of board. The main machine in that mill, Sir, is two inches narrower than the biggest on the earth. It is a gigantic machine. The mill itself is a gigantic mill. It is the second biggest in the world. So it is a superb mill. Now, you have to have three things. Once you had that mill you had to have wood, well cut, well harvested and well transported, to keep the mill supplied with wood at an economic price.

Then on the other end you had to have good marketing. Good marketing. Efficient marketing. I am told - in fact he told me himself, and I have not seen Wilfred Heinzl for about six or seven years - Heinzl told me himself, and I confirmed it; he was the distributor of linerboard products and other paper products all over Europe, the Near East, the Middle East, and the Far East for MacMillan Bloedel of British Columbia, was and is now, four international paper companies, Fort Union, Camp, now they are three of the mightiest companies in the world producing paper and paper products, Heinzl is the distributor in Europe, Near East, the Middle East, the Far East this side of the Iron Curtain. The other side of the Iron Curtain the marketing agent for those gigantic companies with whom the previous owners of the mill made a contract, a five year contract under which he was

MR. SMALLWOOD: to market 240,000 tons a year of the linerboard paper to be made in the mill at Stephenville. Is it correct that, in effect, Mr. Crosbie tore up that contract also? Is that correct?

MR. MORGAN: No, it is not correct.

MR. SMALLWOOD: It is not correct? Is it correct that he proceeded to make a new contract with a company that had never marketed any linerboard in their lives, or anything else, because they were only formed for the purpose of entering into the contract? Is that correct?

SOME HON. MEMBERS: Correct! Correct!

MR. NEARY: Right on!

MR. MORGAN: That is some charge.

MR. SMALLWOOD: Could I get a glass of water I wonder? Is there a page?

AN HON. MEMBER: Excuse me, I will get you one.

MR. SMALLWOOD: Well, the hon. gentleman with his usual courtesy and unfailing generosity of spirit -

MR. NEARY: The hon. gentleman has finally come into his own, a page in the House.

MR. SMALLWOOD: No, that is not - do not despise any hon. member's courtesy.

MR. MURPHY: Up in the morning with the dipper coming up.

MR. SMALLWOOD: Good! Good!

MR. NEARY: Nipper Murphy.

MR. NOLAN: Where are you, back in the baseball park, are you, 'Ank'?

MR. MURPHY: Ah 'John', I know where I came from.

MR. NOLAN: That is right boy, and where you are going.

MR. SMALLWOOD: Flower Hill?

MR. MURPHY: I am not ashamed of it.

MR. MURPHY: There were no silver spoons in my family.

MR. SMALLWOOD: I see. The hon. minister is not one who spurns the base means by which he did ascend.

MR. SIMMONS: The base degrees.

MR. SMALLWOOD: The base means.

Mr. Speaker, is it correct - this is why I voted for the sub-amendment moved by my hon. friend from LaPoile (Mr. Neary) asking for a committee to look into these matters. They really ought to be looked into. They really ought to be - is it correct that when Mr. Crosbie took over he found in - the hon. the member for Naskaupi (Mr. Goudie) would probably be very familiar personally with this aspect - is it correct that there were in the operation in Labrador a number of tree harvesters, tree harvesting machines -

AN HON. MEMBER: T-r-e-e.

MR. SMALLWOOD: What is it?

MR. MURPHY: Tree, not three.

AN HON. MEMBER: T-r-e-e.

MR. NEARY: What do you know! He can spell Tree!

MR. SMALLWOOD: Tree. T-r-e-e. Tree harvesters.

MR. NEARY: Go to the head of the class.

AN HON. MEMBER: T-r-e-e.

MR. NEARY: Hurray!

MR. SMALLWOOD: These are magnificent machines, Mr. Speaker, which go up to a tree, the operator is in a glass enclosed cabin, it goes up to the tree and knives go up and come down the tree and just limb it straight down to the ground. Then a knife cuts it off at the bottom and a hook - I beg the minister's pardon.

AN HON. MEMBER: It limbs them?

MR. SMALLWOOD: It limbs the tree. It limbs them out, and then cuts the tree off down close to the

MR. SMALLWOOD: ground saving as much of the tree as possible, and then a hook or arms seize and lift it right up and lay it down on a trailer that the machine is towing behind it - that they found a number of these tree harvesters in use there and proceeded to sell them? Is that correct? Sold them off, is that correct? And also cancelled an order that was alleged to exist, to have been placed by the company for more tree harvesters that had not arrived. Is it correct that that order was cancelled? That the harvesters that had not arrived and were in use were sold off and the order for additional tree harvesters cancelled? And is it correct that not long after that they placed orders for brand new tree harvesters at substantially higher prices? Is that correct?

MR. MORGAN: Who? Who placed the orders?

MR. SMALLWOOD: The new owners. The new owners. The present owners.

Now, Sir, if these questions are answered in the affirmative, if the answer turns out to be yes; Yes, there was a shipping contract to bring the pulpwood from Goose to Stephenville

MR. SMALLWOOD: and that it was torn up and that a new one was made with the same shipping company using the same ships but with two or three times a higher price? If the answer to that is yes, this happened; if the answer to the question, Was there a contract covering the shipping of the finished product of the mill from the mill to the markets in Europe, and that it too was torn up and that a new one was made at much higher prices with the same shipping company, if the answer to that is yes, this happened; and if the question is asked, Was there a contract with a highly skillful, highly successful, highly reputable marketer of paper products in Europe and Asia and between Europe and Asia for five years covering the marketing of 240,000 tons a year and was that torn up, and if the answer to that is, Yes it was torn up; and then if the question is asked, Was Mr. Heinzl paid a large amount of money in lieu of the contract, and if the answer to that is, Yes he was paid a quarter of a million dollars cash, if the answer to that question is yes; if the question is asked, Was a deal negotiated for the management of the mill and the marketing of the product, negotiated with Canada's mightiest paper producing company, MacMillan Bloedel, and that the day before it was to be signed MacMillan Bloedel were informed that the deal was off and that a new deal was made instead with a little two-by-four company that was formed for the purpose, a little two-by-four company, if the answer to that is yes, and if the answers to all these questions are yes, that is what happened, then surely everyone hearing that answer would agree with Mr. Andrew Crosbie, who told me in my own home with regard to the Linerboard paper mill at Stephenville that the management of it was the most atrociously, savagely bad he had ever heard of.

MR. H. COLLINS: Why did he not take it over?

Why did he not take it over?

MR. SMALLWOOD: Did he have a chance to take it over?

AN HON. MEMBER: He is doing good.

MR. SMALLWOOD: Did Andrew Crosbie have a chance to take it over?

MR. H. COLLINS: If he made a proposal I am sure he would be accepted. Where is he?

MR. NEARY: The Minister of Justice has disappeared.

MR. H. COLLINS: Where is he?

MR. SMALLWOOD: I am not answerable -

MR. H. COLLINS: Where is he?

MR. SMALLWOOD: I do not know. I am not answerable for his whereabouts, I am not answerable for his business decisions, his business policies. All I know about the matter in relation to Andrew Crosbie is that he told me in my home, not my house but my home, he told me that in his opinion the management of the mill, the Linerboard paper mill was savagely and atrociously bad.

MR. H. COLLINS: Why do you not give it to him and let us see if he can work it?

MR. SMALLWOOD: I am not arguing that it should be given to him. I am not answerable for him or his decisions, I am merely reporting to the House what one of the ablest businessmen in Newfoundland, one of the most successful businessmen in Newfoundland -

MR. MORGAN: John C. Crosbie's brother.

MR. SMALLWOOD: Who is a brother of John C. Crosbie, correct, and no one ever said that John Crosbie is not an extraordinarily able man.

MR. H. COLLINS: And Andrew Crosbie would not touch his brother up there with a fifteen foot pole.

MR. SMALLWOOD: That might well be so.

MR. SIMMONS: Nor the minister with a
twenty foot pole.

MR. SMALLWOOD: But the minister is making a
point that really is not germane, it is not apropos.

MR. H. COLLINS: It is very germane.

MR. SMALLWOOD: No. No. We are not discussing
the question of whether Andrew Crosbie wanted to take
over the mill.

SOME HON. MEMBERS: Oh, oh!

MR. H. COLLINS: Why did he not take it over?

MR. F. WHITE: Order! Order! Order!

MR. SMALLWOOD: Well, maybe he has too many
things on his plate, maybe he has too many enterprises,
maybe he has too many business concerns.

MR. SMALLWOOD: We all know that Andrew Crosbie must have seventy or eighty companies in Newfoundland - aircraft, trucks, taxis, printing, publishing, construction, soft drinks, insurance - I mean, you cannot remember half or quarter of the companies - and maybe - what am I - am I defending Andrew Crosbie?

AN HON. MEMBER: It seems like it.

MR. SMALLWOOD: I am not defending him. I merely report to the House -

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: - his opinion.

AN HON. MEMBER: Any hon. member would wish to defend his campaign manager -

MR. SPEAKER: Order, order!

MR. SMALLWOOD: Well, I have no reason to thank Andrew Crosbie for managing my campaign. If he had not been managing my campaign, I might still be sitting over there, and some of the hon. gentlemen there would not even be in the House, and if they were, they would be over here. Andrew Crosbie is an able businessman but not an able political manager of a general election campaign. I can testify to that.

PREMIER MOORES: You said it.

MR. SMALLWOOD: I know, I said it, and it is not the first time I am saying it.

MR. J. CARTER: Would the hon. member still have seen the Linerboard mill through?

MR. SMALLWOOD: The Linerboard mill would be operated by the company and the Government would not have nationalized it. John Doyle or his company - he is the principal shareholder, but there are thousands of shareholders -

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: The hon. Minister has to get up a lot earlier in the day to throw me off.

What I plead with the Government to do - I hope the Premier is listening because I have learned something about

MR. SMALLWOOD: the Premier: - unlike me - I can sit in this House and suffer dumb punishment by the hour, by the day - but the Premier is not the kind of man who can suffer dull speeches gladly; but he can listen, he can work away at his desk and the loudspeaker is on and he can hear every word that is spoken in the chamber. He listened to a speech I made here yesterday when this bill was introduced, and he was not in the House at all, he was not in the Chamber. I hope he is listening, and if he is not, and as the Minister of Finance is not present in the Chamber, I hope he is listening; and if he is not, then the Minister of Justice. I want him to listen carefully to what I am about to say, because it comes from my heart and it comes from my head, both.

I think that every Cabinet Minister, every member of the Administration at the moment, if he had his time back would probably have said a plague on it and driven the owners to run it and to finish it and make a job of it. However, that is water under the bridge.

Now they have the mill. You have two stories: one, an uncompleted and incomplete report from the Advisory Board they have set up, a board consisting of Bowaters and Price, independent, they are not rivals -

AN HON. MEMBER: (inaudible)

MR. NEARY: The Power Corporation.

MR. SMALLWOOD: Yes. They are not interested in pulpwood, forests, anything like that. However you have the Board. They are there. There they are - all highly reputable men - all of them, every single individual person on the Board, highly reputable and decent and civilized. You have then in an incomplete report - the report is not in yet - there is an interim report or a thing in passing where they say not to close it - they say they do not advise keeping it open under the existing circumstances. That is a far cry from, say, close it down. Later on they will submit another report which may be in greater depth and may offer a better alternative.

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MR. SMALLWOOD: Now, that is on the one hand. On the other hand you have the speech today by the member for Stephenville (Mr. McNeil) in which he marshals in a quite

MR. SMALLWOOD: masterly fashion. You would think he was a trained lawyer. You would think that he was a trained barrister. You would think that he was a man who was accustomed all his life to marshalling facts and then reciting them, stating them, convincingly and in proper sequence because it was a superb speech. What was the effect of that speech? Not just what he said but the evidence he produced for us here today, what was the effect of that evidence? That there is a distinct possibility perhaps, not a certainty, a distinct possibility that with really efficient management, such as it has had for the first time from its inception in the last six months at the person of Mr. Slaney or Sweeney; I do not know the gentleman, I have never laid an eye on him.

But given really down-to-earth, tough-minded, business-like management, given that - and after all he has it up to 1200 tons a day, that is something, that is something for a mill that was practically a cripple, that was almost decrepit, where everybody connected with it was down hearted and dispirited and discouraged. From that he has brought it to a superb smooth-running machine turning out 1200 tons in one day. That kind of management, skillful, down-to-earth, business-like and sympathetic, wanting to make a success of it, and determined for his own reputation's sake to make a success of it, given that kind of management a distinct possibility, a distinct probability that it can be turned about from a loser to a maker of profit at least from the standpoint of operating cost.

Maybe one day if it became that in the next two or three years it could be turned into a great enterprise breaking even, taking in as much money as it is paying out to operate, it would not take too many years perhaps before they could begin paying some interest on the debt of the enterprise.

Now there you have the two possibilities. They

MR. SMALLWOOD: say that this year it would take \$55 million.

'They' say! What say 'they'? Who are they? You have Mr. Sweeney telling the Financial Post, the great financial newspaper of Canada, tells it to their correspondent, Randell Litchfield, that he can get the mill's operating loss. Now this is no slouch. This is no farmer. This is no longshoreman. This is no logger. This is a man who has been running paper mills for thirty-five years. This is the man the Newfoundland Government, the present administration, were proud and happy and grateful to get to come in and manage the mill, so his word must be worth something.

He says publicly that he can get the mill's operating loss down to \$14 million by the end of 1977. That is this present year. Six to eight million dollars loss next year, and three to six million dollar profit the year after. In other words in three years.

AN. HON. MEMBER: Three minutes left.

MR. SMALLWOOD: Three minutes left. Well, really I have said it all. What I plead with the government to do - if the Minister of Justice would listen - find some good, solid, reputable, successful, efficient outfit, sell it to them, give them an endless time to pay for it, but do not give it away. Do not assume the debt and say, Here, you take the mill, you have the mill, we have the debt and the Newfoundland people forever, until the debt is paid off, will pay the interest on it and finally when it matures we will pay off the principal. Leave the debt to us. We will worry about the debt. You take the mill for a bargain. Not that. Not that. Future generations would curse your memory. But find

MR. SMALLWOOD: a good outfit, denationalize it, denationalize! Admit in effect, without putting it into words, that it was a mistake to nationalize it. Well, perhaps it was inevitable. Let us be generous about it. The Opposition were generous in 1972. They voted for you to go ahead and nationalize it. Okay, that is water under the bridge. What are you going to do now - close it down? You cannot do that. And do not close it down and then wait for a buyer. Do not forget what happened today in the financial papers across the United States and Canada and in The Evening Telegram here where there is an ad calling for tenders, practically for scrap, of a mighty oil refinery. Do not wait for that. Ah, well, wait and see. Time will tell. Do not take any chances like that. Do not let it close down. While it is still operating, give it a chance. And this offer made that was going to take ten or twelve or fifteen millions or twenty millions this year out of the Treasury - pay it, and cut down on other things that are less worthy - worthy, but not so worthy as keeping that life in that mill. Can the government not do that? Is it not the right thing to do? They do not want to be saddled forever as the crowd that let a beautiful industry just die. They do not want that. I plead with them to do this. Denationalize it. Find tip-top, experienced people to take it over on a good business-like basis and we will all call you Blessed.

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

MR. J. CARTER: Mr. Speaker, without wishing to debate with the hon. member who just finished speaking, I think his entire speech could be summed up in a few words, in a simple sentence - 'I hate John Crosbie' - because that is the message that came across this House and there was very little else. There was a lot of rhetoric but there is no question in my mind at least that the hon. member was saying, 'I hate John Crosbie.' And it is not without good reason that he does hate him. I can see that he has some reason for hating him. John Crosbie is the one man who managed - or without whose efforts the hon. member would still be Premier of this Province -

AN HON. MEMBER: (Inaudible)

MR. J. CARTER: - And along with himself as Premier would be John Doyle as his 1st Lieutenant and John Shaheen as his 2nd Lieutenant and God knows who else as his 3rd Lieutenant, probably the member for LaPoile (Mr. Neary) -

AN HON. MEMBER: Sammy Davis -

MR. J. CARTER: - probably the member for LaPoile as his 3rd Lieutenant. Anyway, Mr. Speaker, I will let it go at that, because what I rose to speak about are facts and figures and I would like to debate - to return, to get away from rhetoric, although rhetoric has its place, and I think the hon. member who represents the area for Stephenville (Mr. McNeil) did a very good job. Some of his points were well made. Still I think that while there is a time for rhetoric there is also a time for figures. And taking page 26, Table 10 of the Information Memorandum - Linerboard Limited which has, I understand, been made available to all members, I would just like to very briefly run through these figures and then let hon. gentlemen who will get up to speak afterwards comment upon them as they wish.

Mr. Speaker, we are told that the average cost of wood is \$76.43 per cord and that the number of cords or units per ton of linerboard is 1.92. So what I have done is I have taken the costs as outlined on page 26, and I have taken the highest cost there and then I have searched through this booklet and where I could find a lower cost or the lowest cost I have put that in a column next to it. And using the highest cost for wood I find that the cost for wood in a ton of linerboard is \$146.74 as on page 26 of this book. But taking the lowest cost for a cord of wood, in this brochure as \$57.04 and multiplying that by 1.92 I come up

MR. J. CARTER:

with a cost for wood per ton of Linerboard of \$109.51. There is a figure here, next, for secondary fibre at \$4.64. I have had to leave those two figures identical because I cannot find a lesser cost, and other or miscellaneous, \$14.09. And then the next item is water which the Minister of Municipal Affairs and Housing tells me the company does not pay anyway, it has not paid. So that is \$1.92 per ton of Linerboard. But I will put that in anyway. Then there is the cost for fuel which is figured as \$21.04 per ton of Linerboard. Now, Mr. Speaker, we know that the cost of fuel can only go up. It cannot go down. It is certainly not going to go down. Canada at the present time is receiving, in the East Coast of Canada anyway, is receiving subsidized oil. And we are told that in the next few months oil is going to take another rise. And we are looking at very substantial rises in the cost of fuel in the years ahead.

AN HON. MEMBER: Is the hon. member talking about fuel?

MR. CARTER: This is the cost. I am taking the figure, Mr. Speaker, from page 26, table (10). And the cost of fuel is rated here, cost premium as twenty-four and three-quarter cents per gallon. Eighty five gallons of fuel are used to make a ton of Linerboard and therefore they come up with a figure, \$21.04, for the cost of fuel in a ton of Linerboard. And what I am trying to point out is that that figure must go up. It cannot go down. It has to go up and will go up substantially.

MR. MCNEIL: Will the hon. member yield for a moment?

MR. J. CARTER: Yes, certainly.

MR. MCNEIL: This is one of the things that the advisory board pointed out in its report, that in order to bring down a fixed cost like your fuel and your electricity, and if you establish a bark press you can bring down your fuel cost, your present cost by eighty per cent by using the bark off your wood which is now being trucked to the dump. And you will save the trucking expenses. You will save all your expense

MR. MCNEIL:

that you had in trotting off this bark that is going totally as a waste. It could turn into a fuel supplement.

MR. J. CARTER: I thank the hon. member for that suggestion. And there is no doubt that there is a great deal of merit in that suggestion. And I do know that in Grand Falls, for instance, some bark is burnt in a furnace and that is used to generate some power. But, Mr. Speaker, we are looking at tremendous increases in fuel costs. So the very best that can be said, even giving it the most generous possible interpretation, is that that figure will remain the same. And I cast severe doubt, at least for the sake of argument, on that figure staying the same.

Now power is listed here at \$15 per ton of Linerboard. So in column one I put that down as \$15. The hon. member for Eagle River (Mr. Strachan) earlier in the debate said that probably the Linerboard mill should be getting power at a subsidized price. Well, all right. So I said okay. Supposing they get power for one-third their present cost. So in the next column I put down \$5. Hon. members will be interested in the total that I have come up with. Water, chemicals, \$1.24, I left that the same in both columns. Sundry supplies, \$10.12, I left that at the same in both columns. Now when we come to the column for labour, the labour cost per ton of Linerboard is listed as \$19.44. Now assuming increased efficiency, I will put down \$15 for the cost of labour. And this is not being generous towards labour because labour costs must go up. Surely when you look at the cost of a ton of Linerboard the labour content, the amount of employment that one ton of Linerboard gives in dollar terms is very little and ought to go up. If the Linerboard mill is not going to mean increased employment, what is the point of it. So again I am being very, very optimistic in the labour cost when I put that down at \$15 per ton. The maintenance of the paper machinery - it is called maintenance here and this is what they refer to - is \$23.83. I could not imagine any savings in that. So I left those two figures the same. And administration and general costs, \$39.95, I left them the same.

In column one the cost - and this is

MR. J. CARTER: the cost of producing a ton of linerboard is \$298.01. In the next column the cost is \$246.34. Now remember, Mr. Speaker, that in column two I have shaved the cost to an absolute minimum. I would like any hon. gentleman who wishes to to get up and dispute these costs. I cannot see how they can be made any less. And remember this, Mr. Speaker, that I have not added in any interest on the mill debt. I am assuming whoever is running the mill got it for nothing, nor that there is any depreciation of the asset. And remember that if this were to happen somebody would still be paying the - the government presumably - would still be paying the interest on the accumulated debt.

Now I have added in two other figures and that is the interest on current account. Any business as large as the Linerboard Mill will have to have a certain amount of current account credit at the bank, that is going to cost them something so I put down -

AN HON. MEMBER: In other words working capital.

MR. J. CARTER: Working capital, whatever you wish to call it, because the time between producing the product and getting it to market and getting paid for it -

MR. NEARY: Does that mean ski-doo's, pick ups and -

MR. J. CARTER: No, forgetting that now, forgetting that, forgetting the frills -

AN HON. MEMBER: Linerboard has ski-doo's now.

MR. J. CARTER: I am trying to be serious.

AN HON. MEMBER: - people of course have to pay for the ski-doo's. He is cutting all that out.

MR. J. CARTER: I am trying to be serious, Mr. Speaker. I put down \$3, I just put down \$3 interest on current account for that per ton of linerboard and then general repairs. I suggested that there would be \$1 million a year general repairs for an operation that big.

MR. J. CARTER: I am being as generous as possible, cutting the costs to the absolute bone and in column two, the cheapest column, I come up with \$256.34, and that is assuming that the people who are running the mill are getting it for nothing and that there is no depreciation of the asset.

Now I am told that the best we can hope for this year anyway is \$200 for a ton of linerboard. Now I would like hon. gentlemen to get up and tell me how they will bridge that gap. I would be very glad and most hon. gentlemen across the way still have a speaking slot left and they are able to get up and I am sure that any future speakers from our side will gladly give way while a person makes an extended point.

AN HON. MEMBER: Go back to farming savoury.

MR. J. CARTER: I am sure that this will be the procedure that will be followed. So I will just leave that with hon. gentlemen and ask them to tell me how they would cut the costs to make this into a going concern.

MR. SMALLWOOD: Ask Mr. Sweeney.

MR. J. CARTER: Remembering that this is assuming that whoever runs the mill gets it for nothing. And that is a very big assumption.

MR. NOLAN: Why do you not vote to have Mr. Sweeney come before the House so we can question him.

MR. ROBERTS: Where is the Minister of Transportation, he -

MR. CHAIRMAN: Is the House ready for the question?

The hon. Minister of Transportation and Communications.

SOME HON. MEMBERS: Hear! Hear!

MR. MORGAN: Mr. Speaker, a few words in this debate because it is a very, very important debate. Today I listened very, very attentively to the member for the Stephenville area (Mr. McNeil). He was, I guess, the member of the House of

MR. MORGAN: Assembly most directly involved and concerned over this matter. Also the fact I feel that the MHA for Naskaupi (Mr. Goudie) on this side of the House was very much involved as well and the consequences of closing the mill are going to have a bit effect on his district.

I was very disappointed this afternoon, in fact this morning, when I noticed that despite the tremendous speech being made by the hon. gentleman from Stephenville, and despite the magnitude of importance of the debate, that the hon. Leader of the Opposition chose not to sit in his seat to listen to the hon. gentleman from Stephenville put forward his views and in fact his suggestions and ideas as to what could be done.

MR. ROBERTS: (Inaudible).

MR. MORGAN: Mr. Speaker, God knows at this time we - I would say we need a miracle, a miracle to happen within six months. There are a number of questions that have to be answered and I am going to attempt to answer some of the questions in my own view as a member of this administration who is

MR. MORGAN:

part of the decision-making process who made this decision, a very agonizing decision, agonized as all my colleagues I am sure who will speak from this side of the House will also relay as well, a very agonizing decision, not over a matter of days -it was not a sudden decision - agonizing over a number of months. But the decision has been made. And unless something happens like a miracle in six months that mill at Stephenville will close. A regrettable, unfortunate decision with very serious consequences in the Bay St. George area. However, a number of questions have to be answered. Number one, should the mill have ever been built in Stephenville? Number two, should the administration of the day have taken over the operations of that mill? And number three, should we continue to pay subsidization to the tune of approximately \$50 million yearly to keep the mill going? These are the very three significant and important questions.

Now, Mr. Speaker, in dealing with the first question, should the mill have been built at all, back in the period from June, 1971 to January, the administration of the day made the decision which now we are seeing the consequences of. It was during that period that the administration of the day saw that the gross mismanagement of the construction of the project. It was then it was occurring. In October of that year, shortly after the election in 1971, despite the fact the administration was given severe warnings by the watchdog of the government, if you wish, the Dick firm, who was to be the watchdog for the government on this project, despite the warnings from that company to the administration of the day that there was gross mismanagement in the construction of the project, number one, inefficiency in the woods operations, no markets, no marketing authority set up and it was going out of control with regards to the spiralling cost of construction, despite that in October of that year the administration of the day advanced money without the authority of the House of Assembly,

MR. MORGAN:

without even the House of Assembly's authority or the people knowing it. There was \$9 million advanced in the Fall of 1971 which the people of Newfoundland were not aware of.

AN HON. MEMBER: Inaudible.

MR. MORGAN: I am talking about October of 1971.

MR. ROBERTS: (First part inaudible) - under the authority of an act of the legislature.

MR. MORGAN: Mr. Speaker, in August of 1971 not only did the administration of the day not take heed as a warning coming from the company they engaged to be the watchdog on the project, but guess what? They announced the construction of a fifth mill, a fifth mill. The fourth one had already been announced for Come By Chance. It announced a fifth mill for Stephenville to be built side by side with the Linerboard mill - going to produce 1,100 tons of pulp sulphite. The fifth mill, despite the warnings that were being given by the companies who were keeping a close watch on the construction of the Linerboard mill. It was not until March of 1971 when the Province went down on the bond market to borrow money, when they had no choice but follow the prospectus and in that prospectus they had to declare the situation of the Linerboard mill in Stephenville, it was not until then that it was realized by the people of this Province that the administration of the day had committed themselves, the taxpayers of this Province, to \$75 million on a Linerboard mill despite the fact they only had authority to go to \$53 million. That in my view is a clear example, a clear indication of where the problem began..

MR. ROBERTS: Again that is not a correct statement.

MR. MORGAN: That is where the problem began. Mr. Speaker -

MR. ROBERTS: That is incorrect.

MR. MORGAN: If the hon. gentleman wants to call me a liar let him stand in his place and call me a liar. In 1971 the prospectus was filed

MR. MORGAN:

that in that prospectus -

MR. ROBERTS: I am not allowed to call the hon. gentleman a liar.

MR. SPEAKER: Order, please!

MR. SMALLWOOD: (First part inaudible.) - was incorrect.

MR. MORGAN: In that prospectus, Mr. Speaker, the Province's liability in Linerboard mill in 1971, in

MR.MORGAN: March of that year, was \$75 million.

MR.ROBERTS: No, it is not correct. Flatly not correct.

MR.MORGAN: \$75 million. It was only shortly after that that it was disclosed, after the prospectus was filed down in the bond market, shortly after, a month after it was disclosed Linerboard would not cost \$123 million. It went from - what? - \$58 million to \$75 million, to \$90 million, \$110 million and now in March, 1971 upwards to \$123 million. But the fact is the administration of the day knew this was happening and in June of 1970 and in March 1971 the information was disclosed.

MR.SMALLWOOD: Is the Hon. Minister aware of the fact that the mill at first was to have been 600 tons a day mill. 600 tons. That was raised.

MR.MORGAN: I am saying that in June 1971 the Dick firm advised the administration of the day that the prospectus of the mill, the future of the mill, the feasibility of the mill was in question, based on the fact there was no management, there was no markets, there was inefficiency, and the construction of the mill was way out of proportion. Despite that, Mr. Speaker, I am dealing with the first question: Should the mill ever been built? If a decision had been made then in June 1971, we would not have been in the financial mess we are in today with regards to the linerboard mill.

MR.WHITE: Where would the Stephenville workers be?

MR.SMALLWOOD: Western Canada.

MR.WHITE: Yes. Western Canada. Right.

HON.MEMBERS: Oh, oh!

MR.MORGAN: Mr. Speaker, in January 1972, after that, that period where the administration today kept hanging on and hanging on and hanging on despite the fact they should not have been hanging on. Not only during that period were they hanging on with the skin of their teeth, their toenails and their fingernails but they were making decisions because of the linerboard mill and advancing more

MR.MORGAN: money, advancing more money to the linerboard mill for John. C. Doyle. Then, tonight to sit in the House of Assembly and listen, and listen to a statement coming from the former Premier. who I have great respect for, he knows that, but to listen to him saying he would have John C. Doyle running that mill today if he were in power. Mr. Speaker, it is atrocious. It is atrocious.

MR.SMALLWOOD: I did not say that.

MR.MORGAN: The hon. gentleman can be read from Hansard, Mr. Speaker. He was quoted as saying -

MR.SMALLWOOD: If the hon. minister will yield? That is how traditions get born. That is the story of fishermen burn your boats. That is the story of three jobs for every man. That remark now could be reported. I did not say it. I said I was asked the question and in reply I said the company that owned it we would force them to run it. I did not mention Doyle. Doyle is only one of 20,000 shareholders, the principal one. He is not the company.

MR.MORGAN: Mr. Speaker, the hon. gentleman in his speech- I made a few notes while he was speaking - indicated that he would have the owner of the company at the time when this party took over the administration of the province, in 1972, that he would have that company who was then owner still operating the linerboard mill in Stephenville. Oh, Mr. Speaker, may God forbid! May God forbid, Mr. Speaker!

Well let me tell you a few stories of the hon. gentleman of his companies who operate the mill in Stephenville. The fact is, Mr. Speaker, that when we took over in 1972 - that we found there was a marketing company set up down in Nassau in the Bahamas, great expertise, great marketing expertise, a company called Javelin Export Limited. And guess what, Mr. Speaker? They were going to get five per cent, five per cent of the top of all marketing value from the linerboard mill for doing absolutely nothing. Absolutely nothing. One of

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MR.MORGAN: John C. Doyle's companies. The hon. gentleman who conceived the idea of the linerboard mill in Stephenville talks about the fact that - and he blames Mr. John C. Crosbie for changing marketing companies. Well,

MR. MORGAN: there is a good example of a marketing company - a marketing company down in Nassau in the Bahamas. It was going to get 5 per cent off the very top just for the mere - all the value - all the value, the marketing value of linerboard coming from Stephenville. Fantastic! And the hon. gentleman has the nerve to stand in the House and say he would have that company or that man and his company still carrying the mill operation in Stephenville.

AN HON. MEMBER: (Inaudible)

MR. MORGAN: Sure, Mr. Speaker, it was a fatal blunder. The hon. gentleman from Twillingate (Mr. Smallwood) says it was a fatal blunder by this administration to take over the Linerboard mill. I would say, Mr. Speaker, that if we did not take over, and if we did not happen to form the government there would have been a rebellion - a rebellion in the ranks of the Liberal administration - a rebellion. The hon. former Premier says that - "Oh, it is a fatal blunder to take over the mill." Let me quote one of his colleagues in May, 1972 in this House of Assembly - the hon. Leader of the Opposition. I will quote some of the speeches which are filed in Hansard. Now, the Leader of the Opposition: "The project is bankrupt - "

AN HON. MEMBER: Was that Mr. Roberts -

MR. MORGAN: - The hon. member from White Bay -

AN HON. MEMBER: (Inaudible) I know that.

MR. MORGAN: - the Leader of the Opposition - May, 1972 after this party took over the government - took over the administration.

AN HON. MEMBER: (Inaudible)

MR. MORGAN: - "The project is bankrupt. It is not being put through the legal state of bankruptcy. The government themselves alleged it was bankrupt in their statement of claim." He goes on to say, and I quote - the hon. Leader of the Opposition who is now in this House of Assembly - "I was then, prior to 1972, part of and very closely associated with the Linerboard mill from June, 1971 on," He was. He claims he was not part of that, he and his colleague, Mr. William Rowe. "The government's decision to take over the project is really, I think, the only way it will be finished. The project must be finished. That is why right from the start, indeed even during the election campaign I raised no

MR. MORGAN: quarrel with their announced decision to take it over." And when he says 'their' he is referring to this administration.

So, Mr. Speaker, that is one hon. gentleman who was a -

MR. SMALLWOOD: Who said that?

MR. MORGAN: - a colleague, the Leader of the Opposition - the present hon. Leader of the Opposition.

AN HON. MEMBER: (Inaudible) decision to take it over.

MR. MORGAN: Mr. Speaker, may I quote one of the men who has aspired to become Premier of the Province, Mr. William Rowe, who admits - and he was very closely associated with Linerboard operations from June on - when he found that there were problems with John C. Doyle's connections with the mill's operation - the mill's construction - there were problems, and up until June he indicated in Hansard that he was not too involved. But as of June he became involved - more and more involved and closely connected with - because he was concerned about what was happening.

AN HON. MEMBER: (Inaudible)

MR. MORGAN: On May 4, 1972 in this House of Assembly, the hon. William Rowe, in this case the hon. member from White Bay South - Mr. Speaker, I am quoting from Hansard - from the hon. member from White Bay: "The government could either walk away from the project and lose most, if not all of the investment - the construction jobs, the potential jobs in the mill and in the woods - " My hon. friend, the Minister of Justice, the Minister of Finance and other members of the government today are in a better security position. Then he goes on to say, "It was on the agreement, Sir, containing Canadian Javelin's guarantee - the parent company - that under these agreements that the hon. Leader of the Opposition and I threatened -" - 'and I' - the two. In other words, there was going to be a rebellion in the Liberal caucus. Well, the hon. William Rowe, who was then a minister, and the hon. Leader of the Opposition threatened and were planning towards takeover of the project by the then government in December, in January of the year just past.

MR. MORGAN:

And, Mr. Speaker, this leads me to believe if the P.C. party did not form the government in 1972, and if the decision made by the administration, not by John C. Crosbie - one man - made by the administration and backed by all the caucus members - if that decision had not been made in 1972, that there would have been a rebellion in the Liberal government if they had stayed in

MR. MORGAN: - power because William Rowe and the hon. Leader of the Opposition now in the House of Assembly threatened, and I repeat, threatened - and were planning towards the takeover of the project by the then Government of the day.

SOME HON. MEMBERS: Oh, oh!

MR. MORGAN: So, Mr. Speaker, the -

MR. MURPHY: It is very good to have on record, go ahead.

MR. MORGAN: It seems that the Opposition today in the House of Assembly is completely split on this issue. The hon. gentleman who has quite a strong stature, a large stature in the Liberal Party in this Province, stands in this house and says it is a fatal blunder to take over the Linerboard mill, while his colleagues come out and say it was the only decision to take.

SOME HON. MEMBERS: Hear, hear!

MR. MURPHY: That is one of the best points made in the whole debate.

AN HON. MEMBER: Yes, Sir.

MR. MORGAN: Mr. Speaker, I talked about the Javelin Export Company and I heard some gentleman in the House of Assembly today say, "Do not make the debate partisan, do not make it partisan because we are talking about the livelihoods of all these people in Bay St. George". I know what it means to people who cannot find employment, who has a job and loses it. It was not partisan until a few minutes ago when the honourable the former Premier stands and charges John C. Crosbie - and attacks him personally viciously attacks him, blames it all on him for the situation today in Stephenville.

Let us talk about a few things on mismanagement in the past regarding the Linerboard mill. The hon. member for St. John's East (Mr. Marshall) last night mentioned just briefly, maybe a bit too briefly - I do not know, Mr. Speaker, if I can or cannot refer to this matter if you feel I am out of order, you can probably indicate to me, Sir - but I am going to talk about a situation that occurred in

MR. MORGAN: September of 1970 - September 22nd, in fact - there was an agreement signed between the Government of the day and John C. Doyle's companies, in this case Javelin, for the purchase of a building and buildings in Stephenville appraised at, and valued at, \$8 million. But, despite the value of these buildings in Stephenville John C. Doyle, with the Government of the day on September 22, 1970 signed an agreement to buy these buildings for \$250,000 on the conditions, \$50,000 down now and \$50,000 per year for the next four years.

AN HON. MEMBER: (inaudible)

MR. MORGAN: Talk about mismanagement and waste in Government spending - wasteful spending -

MR. RIDEOUT: - than the Burgeo Fish Plant.

MR. MORGAN: Eight million dollars worth of buildings to the company building a Linerboard mill in Stephenville in 1970.

MR. MCNEIL: Were they just sold and what were they sold for?

MR. HICKMAN: That was in November 1971.

MR. FLIGHT: What were they sold for when they were eventually sold?

MR. MORGAN: Mr. Speaker, the part of this little drama is the part where \$100,000 came back as a deposit to the Liberal Party - that part, I think, because of the fact, is being dealt with, I understand, hopefully, in the near future - it came back as a donation to the Liberal Party, \$100,000 of that purchase. It came back, it came back to one known as O.L. Vardy. But, these are facts. These are not speculations. They are not small charges. They are facts, and these facts stand out to be corrected by anyone in this Province and to be verified by anyone in this Province because they can easily verify them.

Then, last night, Mr. Speaker, - maybe no other Minister will refer to this, but I was in the House of Assembly and I listened to the debate regarding that giveaway of

MR. MORGAN:..... ten thousand square miles of timber rights, and I sort of squirmed in my seat last night when I saw the hon. gentleman, the former Premier of the Province, trying to squirm his way out - it was pitiful. The hon. gentleman should have retired and gone back to writing books. I saw him last night squirm in the House of Assembly. Mr. Speaker, I have to repeat, I have great respect for the hon. gentleman but I believe in the facts and the truth, and the truth is that ten thousand square miles was given away to a company called -

MR. WHITE: Point of order, Mr. Speaker.

MR. MORGAN: Société Transshipping.

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

MR. WHITE: Mr. Speaker, this afternoon Your Honour ruled that the member for Eagle River (Mr. Strachan) was out of order because he was not relevant to the debate but this is far from being relevant to the debate.

MR. HICKMAN: Mr. Speaker.

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: On that point of order, and this matter has been raised before, the timber rights as I recall it in Labrador were part of the Javelin Forest Products holding, and Javelin Forest Products was the company involved with the Linerboard -

MR. MCNEIL: Back to the present situation.

MR. HICKMAN: - and the builder thereof, but you know I am only talking about relevancy to the point of order.

MR. SPEAKER: On the point of order, this afternoon hon. gentlemen will recall that when I interjected on the point of order, the hon. gentlemen to my right had commenced on certain remarks on the Norma and Gladys, which at the time and indeed at any time I would have considered irrelevant to the Labrador linerboard issue. What the hon. minister is referring to now is a matter which was debated last night on the same motion raised by the hon. gentleman for St. John's East (Mr. Marshall) and commented upon by the hon. member for Twillingate (Mr. Smallwood) and relates as, I understand it, to timber holdings in Labrador related to the areas from which wood would be cut, or could be cut for the Linerboard mill in question. So I could not rule that it does not relate to the Labrador Linerboard mill.

MR. MORGAN: Mr. Speaker, the facts as I was saying speak for themselves, and the truth, as the old saying is, shall prevail. And the fact is that a company called Société Transshipping with the following directors of that company, Mr. Peter Ritter, R-i-t-t-e-r, Mr. Robert Fournier, F-o-u-r-n-i-e-r, and Mr. John Francis.

MR. MORGAN: These three were and are, I assume, they were then, 1971-72, directors of a company called Société Transshipping, which was paid the amount of \$1,977,500. They were paid that amount for what? For what? For a letter, for a letter and one letter only, signed by the former Premier of this Province.

The letter which was read into Hansard last night, the contents, clearly pointed out that they were being granted, this company in Liechtenstein was being granted 10,000 square miles of timber rights, not reserve, not a reservation of timber rights, as the hon. gentleman from Twillingate (Mr. Smallwood) tried to squirm out of it last night, but they were granted 10,000 square miles of the Province's timber rights, the taxpayers of this Province. What does that mean to the 25,000 people in the Western part of the Province who are affected? It affects them. It affects me, the people in Bonavista South, St. John's Centre -

AN HON. MEMBER: And every Newfoundlander.

MR. MORGAN: In fact every Newfoundlander. They were paid that for one little letter.

Now, Mr. Speaker, any lawyer, a dimwit of a lawyer, would know that if the letter was of no value why would John C. Doyle, and that is who bought the timber rights for the amount I quoted, \$1,977,500, if the letter was useless, if it meant nothing why would John C. Doyle pay to get that letter giving the company in Liechtenstein, Société Transshipping, 10,000 square miles of timber rights? Sure it was worth something. It was an outright give-away from this Province. And the hon. gentlemen in the Opposition, a number of them have had the gall to stand in the House of Assembly and label this administration with gross mismanagement with regards to the Linerboard mill.

Mr. Speaker, the hon. gentleman from Conception Bay South was in that administration.

AN HON. MEMBER: That is right.

MR. MORGAN: The hon. Leader of the Opposition was in that administration. The hon. gentleman from Burgeo - LaPoile was in that administration, the same administration, and the hon. gentleman from Fogo was in that administration..

MR. MURPHY: Burgeo - LaPoile was.

MR. MORGAN: Burgeo - LaPoile now, as it now in the House was in that -

SOME HON. MEMBERS: LaPoile.

MR. MORGAN: - LaPoile, for LaPoile, yes. In fact the hon. member for Fogo (Capt. Winsor)

MR. MORGAN: was a member of the board directors of Javelin Forest Products and the hon. gentleman from Conception Bay South was a director of NALCO. Of course Mr. Callahan, who is now not in the House of Assembly, was also a member of the Board of Directors of Javelin Forest Products.

But, Mr. Speaker, there is nobody on this side going to squirm away from the decision made by this administration and take over the Linerboard mill. It was not John C. Crosbie it was all of us over here.

SOME HON. MEMBERS: Hear, hear!

MR. MORGAN: All of us. But to listen to the Opposition members in the debate in the past they squirmed away from the decision to build Linerboard mill in Stephenville, squirmed away from it and let the poor old retiring hon. gentleman from Twillingate bear all the brunt, bear all the blame. It is a shame! It is an outright shame! Cabinet is a collective decision making process and anything we do I bear responsibility and my hon. colleague the Minister of Justice and others, we all bear it collectively.

MR. DINN: But they did not before. It was not the way it ran before so they might not know -

MR. MURPHY: (Inaudible). Come on 'Tom' you are only young yet. Wait until you are here twelve or fourteen years and you will learn how it operates.

MR. MORGAN: So, Mr. Speaker, the question of whether the mill should have been built or not, in my view in June 1971, with the facts and figures that I have available to me and were available to all members of this House, the facts and figures which were then available to the government of the day, they should not have gone ahead with that mill -

MR. NEARY: Hear, hear!

MR. MORGAN: - in June of 1971. Mr. Speaker, in January to March of 1972 the question mark was then - and on the second question, should this administration take over the mill or not? And I think that all members

MR. MORGAN: of the Opposition and you can read Hansard, they all agreed there was simply no other choice. There was no other choice. There was no other option. There was no other alternative. We had to go in and take over the mill. And of course history speaks for itself from there and the consequences are that here we are in 1977 seeing the result of something that a decision was made on from June till January of 1970-1971 and it is a very unfortunate one.

Of course the third and most important question should the government continue to subsidize the operations of that mill? And, Mr. Speaker, the hon. gentleman from Stephenville today I must say made a very convincing, a very, very convincing speech. I think almost that if I did not know the details myself of the situation, the best I have been able to cope with the details over the past number of months, that he would have almost convinced me that we should do something, we should not close it down. The hon. gentleman from Eagle River talked, Let us give up some of our services, give up some water and sewer, give up some road work, let us sort of sacrifice it. He wanted some sacrificing of services to put extra money into the Linerboard mill.

Mr. Speaker, the people who spoke in the debate in the Opposition, in fact I think two hon. gentlemen mentioned it, for the hon. gentleman's information from the Port au Port Peninsula - the hon. gentleman from the Port au Port Peninsula - I will be cluing up before eleven o'clock and you can adjourn the debate.

Mr. Speaker, the hon. members who spoke a couple of them mentions the slap in the face to the taxpayers of the Province, a slap in the face to close down the mill. Mr. Speaker, I can say and I will say sincerely that the Minister of Finance, my colleague the Minister of Justice, in fact each and every one of my colleagues on this side of the House of Assembly are sincerely hoping that we can find some way, some possible means like I mentioned when I opened the speech tonight, the debate, a miracle within the next six months so we do not have to close down that mill. It is not a slap in the face to the taxpayers. In my travels

MR. MORGAN: people say, Look you cannot afford to put in \$54 million a year or \$40 million last year it was, \$40.5 million, \$54 million this year. People are saying it is not going to cost \$54 million. Well look at the past year. It cost \$40.5 million last year. That speaks for itself.

MR. DINN: It was projected at \$25 million.

MR. MORGAN: Now there may be some points that were brought up by the hon. gentleman where there was some mismanagement, I am not going to argue that.

MR. MORGAN: But the decision is an agonizing decision, a decision we do not want to make. We do not want to see the loss of jobs in our Province but what other alternative do we have as the administration of this Province today?

Mr. Speaker, we are open, we are open to hear them. And I say in closing, we all hope for a miracle between now and six months time. Thank you very much.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the member for Port au Port.

MR. HODDER: As it is very, very close to the closing time, I move the adjournment of the debate.

MR. SPEAKER: The hon. gentleman has moved the adjournment of the debate. Is it agreed we call it eleven o'clock? Agreed.

It being eleven o'clock this House stands adjourned until tomorrow Wednesday, May 11, 1977, at 3:00 p.m.