

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
10:00 a.m. - 1:00 p.m.
TUESDAY, MAY 31, 1977

The House met at 10:00 a.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

ORAL QUESTIONS

MR. SPEAKER: Hon. member for LaPoile.

MR. NEARY: Mr. Speaker, yesterday down at the hearings of the Standing Committee of the House of Commons on Transportation and Communications, the provincial Minister of Transportation was accused of stalling in connection with the provincial takeover of ferries that operate within provincial boundaries, in other words, the intra-provincial ferry service - the minister was accused of stalling with the negotiations with Ottawa. Would the minister care to make a comment on this accusation?

MR. SPEAKER: The hon. minister.

MR. MORGAN: Mr. Speaker, I refuted the statement at the hearings yesterday morning which was made by the MP for Gander-Twillington, George Baker, in which he indicated that we were stalling the improvements for the services of five ferry services in his riding because of the fact that we were procrastinating on negotiations with Ottawa. And it was clearly pointed out to the committee yesterday that we are commencing negotiations with Ottawa with a sledge hammer over our head based on the fact that we have no choice but to commence and open negotiations based on the fact that the federal Ministry of Transport has told this administration that as of the end of 1977 they will not continue to subsidize these ferry services - there are seven in total, which they have subsidized over the years since Confederation - they will not continue to subsidize these operations unless there is some financial input from the provinces. And only on these lines, along the lines that we would open negotiations, would the extension have been given - and it was given the end of March - to extend the subsidies of five of these services whereby the contracts

MR. MORGAN: between the MOT and the operators were to expire at the end of March 1977, they would only continue to extend these contracts for one more year based on the statement from us that we would commence negotiations.

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

MR. SPEAKER: A supplementary, the original questioner.

MR. NEARY: I presume what the minister is implying is that the government of Canada is attempting to buy its way out of these ferry services and place them back under the jurisdiction of the Province, because under the British North America Act, or under the constitution, really it is a provincial matter. Now would the minister indicate to the House what kind of an offer the government of Canada has made to the provincial government? And will the minister table any correspondence in connection with this matter of the takeover of the intra-provincial ferry services?

MR. SPEAKER: The hon. minister.

MR. MORGAN: Well, Mr. Speaker, we cannot table any correspondence because now it is the topic for some very serious negotiation and discussion with Ottawa. But we maintain that despite the fact there may be no constitutional right or responsibility for the federal government to keep these various services subsidized, in many parts of the Provinces these ferry services in actual fact are replacing the coastal boat services which were in fact the responsibility, under the terms of union with Canada, the

MR. MORGAN: responsibility of the federal level of government. So we remained adamant until the end of March when we had no choice, and we are going to open negotiations but I cannot table in the House of Assembly or outline to the House of Assembly any of the matters we will be discussing or in fact any suggestions put forward by the federal level of government. The officials of the MOT and the officials of the Department of T and C and Intergovernmental Affairs will be discussing this matter in the next number of weeks.

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

MR. MORGAN: A final supplementary from the hon. gentleman, then the hon. member for Lewisporte.

MR. NEARY: Mr. Speaker, would the minister assure this House, and in so doing assure the people who live in these isolated communities that are serviced by these ferries, would the minister assure these people that as a result of these negotiations, whether the Government of Canada continues to operate the ferries or subsidize the ferry service or the Province takes over the jurisdiction, that the services will be maintained at the present level and that there will be no increase in rates? Also would the minister indicate to the House if any action is being taken on a promise that was made by the Premier in two provincial elections that the people who travel on these ferries would be able to travel free, that they would be made a part of the highway system of this Province?

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

MR. MORGAN: Mr. Speaker, at this time I cannot give any assurances to any of these areas. I will say that we are very, very concerned over the matter because we saw what happened in British Columbia; because of the fact that the federal government said to the government of that province, We are not going to subsidize any further the operations of these ferry services and if the ferry services are

MR. MORGAN: continued, the provincial government must take over financial responsibility. As a result of that I think there was approximately fifty or sixty of the services folded up because the operators could not operate without subsidy and the government of the day felt that they could not afford to subsidize the operations. So I cannot assure any of these residents concerned and the operators that their level of service will not be reduced. We will make every attempt to negotiate a successful agreement or arrangement between the Province and Ottawa to the satisfaction of all the residents in these island communities.

MR. SPEAKER: The hon. member for Lewisporte.

MR. WHITE: Mr. Speaker, my question is to the minister and it is a supplementary. Could the minister inform the House how long it has been since the federal government asked the provincial government to carry on negotiations, and at the same time could he indicate to the House whether he has been informed by Ottawa that they have millions of dollars to spend on new ferry terminals, particularly at Change Islands, providing certain stipulations are met by the Province?

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

MR. MORGAN: Well, Mr. Speaker, as a result of the conditional extension on the subsidies which was outlined to the administration here by Mr. Lang, the federal minister, the 28th. day of March, the condition of the extension was that the extension would be given for one more year only on the condition that the Province would commence negotiations with Ottawa for some financial involvement in the operation of these ferries. With regards to the allocation of funds for the upgrading of these facilities, I know there is I think \$3.6 million allocated in the estimates for the federal government for marine facilities in this Province. We have not been given the details where the funds are to be spend; however, I understand from at least one of the operators - or one of the communities involved

MR. MORGAN: rather, the Chairman of the Council on the Island of St. Brendan's informed me that they have received confirmation there will be a new ferry terminal built at St. Brendan's. In checking also with the Mayor of Change Islands, they have not received any confirmation in that community, so St. Brendan's apparently will get a new terminal but there is no indication that Change Islands will at this time.

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

MR. STRACHAN: A question for the Minister of Public Works.

Could the minister tell us if the Bartlett enquiry has been completed and when we could expect any results from the Bartlett enquiry?

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

MR. ROUSSEAU: No, Mr. Speaker, the Bartlett enquiry has not been completed. I think that Judge Bartlett held hearings during the past week. I know that he will probably be researching some questions of, in his mind, constitutionality, the constitutionality of the work permit and so on and so forth. I do not know how long that will take him but I am hoping to have something sometime during this Summer and I have no date. I have not met with Judge Bartlett since

MR. ROUSSEAU: before he was appointed to the enquiry. So I would anticipate in the normal course of events, some time during the Summer we will get a report.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. STRACHAN: Could the minister indicate whether he believes there will be strong recommendations by Judge Bartlett in trying to relocate businesses from Seven Islands into Labrador City and Wabush?

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

MR. ROUSSEAU: There is no way that I could prejudge what Judge Bartlett is going to say. The only thing I can say is when he was appointed I indicated that he was a Newfoundlander, which was a very important thing, and I think that any of the findings will result from his heritage and anything he think that has to be done right to protect this Province he will do. But I could not in any way prejudge what he may recommend.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the original questioner.

MR. STRACHAN: Would the minister indicate whether he believes the government would legislate this and whether the government are interested in taking steps, because I understand that the management of the mines, and the very top of the mines, have a vested interests in Seven Islands - they are the ones who own the land, they are the ones who own the businesses - and are we prepared to get in and ruffle the top management of the mine in order to relocate within this Province the businesses and industries which should be within this Province?

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

MR. ROUSSEAU: Whether the report is one which requires partial government action and may require debate in the House of Assembly, you know, I really do not know. I can only say this, that the companies involved in Labrador West, be they the mining companies or any other companies, know of the government's

MR. ROUSSEAU: feelings in respect to local employment and local purchases. I was very happy to hear recently that a company on the Island part of the Province had been asked to submit an estimate on a job which normally has not been a procedure before. So maybe even without the Bartlett Commission that some "hairs are being ruffled" but I think the message is getting across that where practical, where feasible, where economically equal at least that the people in this Province, in Labrador and on the Island part of the Province, should be given preference by companies who consider themselves to be good corporate citizens. We will pursue it. Whether, like I say, it is by action of the House of Assembly or by government action or by discussions with the provinces involved I really do not know yet. They make take all three avenues. So when the report comes in of course government will hold it and at some point in the future it will become public and possibly a public debate may be the best way to go on some parts of it.

MR. SPEAKER: The hon. member for Fogo.

CAPTAIN WINSOR: Mr. Speaker, a question for the hon. Minister of Fisheries. Undoubtedly the minister is aware of the misfortune again of many fishermen along the Northwest Coast having their gear damaged by ice and storm, Is the minister considering any compensation or any assistance to those unfortunate fishermen?

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, certainly we appreciate the problem that is being brought on by that storm, Indeed I think there has been several storms on the West Coast this year that resulted in some severe damage to fishing gear.

MP. ROBERTS: More ice.

MR. W. CARTER: Ice conditions and storms. The province does not have an ongoing programme of assistance, Mr. Speaker, but certainly we will be having a look at the situation and having our field people

MR. W. CARTER: visit the area affected, and if it is possible to render assistance we will. I should point out, Mr. Speaker, to the House that last year there was some talk of a lobster not insurance programme to which the Province would have contributed, but for some reason unknown to me the plan did not go ahead and consequently there is no ongoing programme of help. But like I said, certainly if there is any way we can be of assistance we certainly will.

MR. SPEAKER: The hon. member for Lewisporte, followed by the hon. member for LaPoile and Stephenville.

MR. WHITE: Mr. Speaker, my question is for the Government House Leader in the absence of the Minister of Municipal Affairs and Housing and it results from some comments made by Mr. O'Dea, the Chairman of the St. John's Metropolitan Area Board. I wonder if the minister could tell the House whether or not legislation will be brought in or if legislation is needed with respect to the establishment of regional government for St. John's?

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I suspect legislation is required but I am not in a position to indicate whether legislation will be introduced at this session of the House.

MR. WHITE: A supplementary.

MR. SPEAKER: A supplementary.

MR. WHITE: Mr. Speaker, with only a week or a couple of weeks to go before the House adjourns for the Summer and there is a lot of expectancy in the St. John's area that regional government may come about by July, could the minister indicate what the government's intentions are with respect to regional government and proceeding with that?

MR. HICKMAN: No, Mr. Speaker.

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, the whole Province, of course, has an eye, is watching what is happening in Stephenville, in the whole Bay St. George area, would the Premier give us an updating now on whether or not there is any possibility of averting this disaster in Stephenville and indeed in the whole Bay St. George area by the Linerboard Mill closing down? Is there any possibility now, is there any ray of hope, can the Premier see any way to keep it open?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Mr. Speaker, we are having ongoing discussions with various interested groups and at such time as we can get something definitive put together we will be making a statement on it. But it is far too early yet to say what the prospects of that will be.

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

MR. SPEAKER: A supplementary.

MR. NEARY: Would the Premier indicate whether these discussions are being held locally here in the Province or will the Premier have to travel to other parts of Canada or indeed outside of Canada to meet with various groups who may be interested in taking

MR. NEARY: over the Linerboard mill?

MR. SPEAKER: The hon. Premier.

PREMIER MOOPES: At the present time, Mr. Speaker, we had discussions here in St. John's and we will also be going to other parts of Canada. There is no intention at the present moment to go outside of Canada.

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

MR. SPEAKER: A supplementary.

MR. NEARY: Would the Premier indicate whether or not there had been proposals from countries outside of, and indeed other than North American? Have there been proposals, for instance, from the Korean Government or any other government or agency in European or Asiatic countries to take over the Linerboard mill?

PREMIER MOOPES: There have been no firm proposals to my knowledge, Sir.

MR. SPEAKER: The hon. member for Stephenville followed by the hon. member for Trinity Bay de Verde.

MR. McNEIL: Mr. Speaker, a question for the Premier. Could the Premier state the position of the government regarding the severance pay to the employees of Labrador Linerboard? Is there six months severance pay going to all employees or just a select few?

MR. SPEAKER: The hon. the Premier.

PREMIER MOOPES: Mr. Speaker, certainly not the select few but I will get the exact details for the hon. member and give him a copy of it.

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

MR. BOWF: Mr. Speaker, I have a question for the Minister of Municipal Affairs and Housing. Could the minister indicate to the House, Mr. Speaker, whether or not there was ever an official policy with respect to a freeze on the incorporation of communities who had requested such incorporation over the past three or four or five years?

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

MR. DINN: I am not sure if I understand the question, Mr. Speaker, whether there was a freeze?

MR. ROWE: Whether there was an official policy on freezing the incorporation of communities who had requested the incorporation of communities over the past three, four, or five years? Or two years, for that matter.

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

MR. DINN: Mr. Speaker, incorporations were deferred pending the Whelan Royal Commission Report and Henley. We have lifted that right now to my knowledge, and I have answered the question put on the Order Paper by the hon. member for Lewisporte, with respect to about twenty-eight that have requested incorporation now.

MR. ROWE: Was there an official policy to freeze? That is what I am trying -

MR. DINN: Certainly there has not been since September outside of the deferment until the Henley.

MR. ROWE: Before September.

MR. DINN: Well, I can find out for the hon. member, Mr. Speaker.

MR. ROWE: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. ROWE: The reason why I asked the question, Mr. Speaker, is because the minister is quoted in the Compass as saying that the freeze on the incorporation of communities in Newfoundland has been lifted since February, which seems to me to indicate that there must have been an official freeze and - Continue.

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

MR. DINN: Mr. Speaker, I do not know what was said in the Compass or what was not said in the Compass. The only thing I have said is that with respect to -

MR. SMALLWOOD: Are you bound by the Compass?

MR. DINN: I certainly am not. Certainly I have said that since the Henley Report has come in,

Mr. Dinn.

the freeze with respect to St. John's- there is no freeze with respect to St. John's now. We were awaiting the Whelan's Royal Commission report and recommendations as a result of that report with respect to incorporation. So I never said that the freeze was lifted. I said that there is no freeze as I understand it now on incorporations.

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

MR. SPEAKER: The hon. member for Burin - Placentia West and then the Leader of the Opposition.

MR. CANNING: Arising out of the previous question, Mr. Speaker, I would like to ask the Minister of Municipal Affairs if he is going to accede to the petition of the people of Epworth in the district of Burin - Placentia West to grant them the right to form a community council?

MR. SPEAKER: The hon. minister.

MR. DINN: Mr. Speaker, with respect to incorporations, we have on file approximately twenty-eight requests for incorporations.

MR. CANNING: What are you going to do about them? This is what I want to know.

MR. DINN: I sent a letter out to all those municipalities that requested incorporation somewhere around the end of February or the first of March indicating to them what the minimum service fee, etc. was and was it still the intention of the community to have incorporation. I have received since that time two replies: One from the hon. member for LaPoile's district, Burnt Islands, and that was acted upon with great speed; and one from the hon. Minister of Forestry and Agriculture's district, Bird Cove, they replied with a ninety-seven per cent in favour of incorporation, and they have received theirs. So I am still awaiting answers to that letter from the remainder of those municipalities requesting incorporation.

MR. NEARY: A supplementary, Mr. Speaker.

MR. STRACHAN: A supplementary, Mr. Speaker.

MR. SPEAKER: I have indicated that I recognize the hon. Leader of the Opposition, but that does not preclude hon. members from coming back to this subject later on.

MR. ROBERTS: Thank you, Sir.

A question for the Premier. Yesterday in the House, in his absence, I asked the Minister of Finance in his capacity as Chairman of Linerboard whether the government would give an undertaking that they would come back to the House before they made any arrangement to dispose of either in a short-term or in a longer-term or a management arrangement in respect of Labrador Linerboard Limited. The minister said that that was a matter of policy on which he could not speak and he said that it was a matter with which the Premier would have to deal. Could the Premier please give us that assurance?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Mr. Speaker, if the House is in session certainly that will be the case. But I would not want to see a delay if such a thing could be arranged, and it is government's prerogative, as the Leader of the Opposition knows, to make decisions such as that. And as I undertook in this House, we would like very much to have the member for Stephenville (Mr. McNeil) and the member for Port au Port (Mr. J. Hodder) to serve on the committee that does make that decision.

MR. ROBERTS: Mr. Speaker, a supplementary.

MR. SPEAKER: A supplementary.

MR. ROBERTS: I appreciate the Premier's answer, but given the fact that it is not difficult to bring together the House - it can be brought together for a session on a day or two's notice - and given the fact that this is surely as large a decision as this government or any government will ever take, can we not have an assurance that the House will come together? Nothing will have to be decided in a day or two. The government will have ample notice, adequate notice. The Government of Canada are preparing to bring together the House of Commons at Ottawa to discuss the decision on the pipeline

Mr. Roberts.

before it is taken. Could we not have a similar commitment here that the House will come together no matter what the occasion, will come together to discuss what after all is as big a decision as this government or any government will ever take?

MR. SPEAKER: The hon. Premier.

PREMIER MOORES: Undoubtedly such a decision if taken when the House is not in session, Mr. Speaker, will be open for debate when the House is in session. And certainly if the Leader of the Opposition does not have confidence in two colleagues, I do.

MR. SPEAKER: The hon. member for Lewisporte.

MR. ROBERTS: That is just locking the door after the horse has gone 'Frank'.

MR. WHITE: Mr. Speaker, my question is for the Minister of Municipal Affairs and Housing, and I am asking him the question since I did not get much of an answer from the Government House Leader. The question is: Does the government intend to bring in legislation with respect to regional government before this session of the House closes? I am asking that in connection with John R. O'Lea's remarks in the newspaper.

MR. SPEAKER: The hon. minister.

MR. DINN: It is very difficult, Mr. Speaker, to say what will be done between now and the closing of the House with respect to St. John's, the St. John's Urban region.

MR. DINN:

I would like to see a Bill for regional government in St. John's. Whether it is possible to do that, to get it done in time, or whether indeed it will be, you know, the total thing will be put in the package before the House closes I do not know at this time.

MR. F. WHITE: A supplementary.

MR. SPEAKER: A supplementary.

MR. F. WHITE: Mr. Speaker, could the minister tell the House whether or not legislation is needed for the implementation of regional government in St. John's, and if legislation is needed does it mean that there would be no regional government until the House reconvenes probably in six or seven months?

MR. SPEAKER: The hon. minister.

MR. DINN: Yes, Mr. Speaker, legislation is required for regional government.

MR. SPEAKER: The hon. member for LaPoile followed by the hon. gentleman from Trinity - Bay de Verde.

MR. NEARY: This is for the Minister of Public Works and Services, Sir, and I presume that the matter that I am going to refer to comes under the hon. gentleman's department. Will the minister tell the House if it is the responsibility of this government - of the provincial government - to purchase the land in connection with the golf course that is going to be constructed in and near the Terra Nova National Park? In other words, will this Province have to purchase the land out of provincial taxpayers' money and turn the land over to the Government of Canada?

MR. ROUSSEAU: I have to take that question as notice, Mr. Speaker.

MR. NEARY: Mr. Speaker -

MR. SPEAKER: A supplementary.

MR. NEARY: Would the minister also take as notice that the minister cannot provide the answer?

The total cost of this golf course to

MR. NEARY: the provincial Treasury -

MR. ROUSSEAU: - The land cost -

MR. NEARY: - the land cost - what the government has allocated to purchase the land for the construction of this golf course down on the Eastport Peninsula, would the minister get that information for the House?

MR. ROUSSEAU: Yes, I will, Mr. Speaker.

MR. NEARY: Mr. Speaker, I might say that I am not satisfied with the minister's answer at the present time and I am going to debate the matter on Thursday coming anyway.

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: And I will look forward, Sir, to getting the information from the minister before then, because it does not make any difference-if they are going to spend one cent, it is too much on a golf course in this day and age.

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

MR. ROWE: Mr. Speaker, a question to the Minister of Municipal Affairs and Housing. Could the minister indicate whether or not he has made a ministerial statement or an official public statement stating or saying to the House of Assembly and/or the people of Newfoundland that the government has lifted the freeze on the incorporation of unincorporated communities in this Province?

MR. SPEAKER: The hon. minister.

MR. DINN: It is very difficult, Mr. Speaker, you know, going back through my memory as to whether I have said the government has lifted the freeze. Last year when there was a freeze or a slow-down or a wait-until, there was one incorporation. So you know, there was not a definite policy, I do not think, in government to say that there was a freeze, but there was in the St. John's urban region and in other areas -

MR. CANNING: You would not incorporate them.

MR. DINN: - a definition, you know.

MR. ROWE: What do you call them when you do not

MR. ROWE: incorporate them?

MR. DINN: A deferment.

MR. ROWE: A deferment for two years.
Mr. Speaker -

MR. SPEAKER: A supplementary.

MR. ROWE: - this is terribly confusing and somewhat embarrassing in view of an article in The Compass. But the minister is now saying it was not a freeze -

AN HON. MEMBER: - The Compass.

MR. ROWE: - or there was a deferment. He was not quite sure whether there was a freeze or not. Now he is not quite sure whether the freeze has been lifted. I want to know specifically and directly whether or not there was a freeze for any period of time on the incorporation of communities and now whether or not that freeze has been lifted. You know, a simple yes or no. I mean, the people of -

MR. SPEAKER: Order, please! The hon. gentleman is presuming to debate the issue. I think the question is quite clear.

MR. ROWE: Can I just carry on with the supplementary and say, does the minister realize that the people of this Province are utterly and completely confused over this issue?

MR. SPEAKER: .The hon. minister.

MR. ROWE: And so is the minister, obviously!

MR. DINN: Mr. Speaker, I do not know how confused the people in the hon. member's district are, but certainly I have not had any indication from any of the people that they are confused. And I do not know if there is anything I could do about that if I did,
Mr. Speaker.

MR. ROWE: I would agree with that.

MR. DINN: But I will say to the hon. member that there are twenty-eight applications for incorporations, or thereabouts - there might be thirty or might be twenty-seven. Of those twenty-eight I have indicated to them if they still wish to be incorporated to notify me and let me know, and the two that have, I have incorporated them -

MR. DINN: Okay? Now if the hon. member has communities in his area that he would like to see incorporated then I would suggest that he do his homework and get out in his district and get to those communities and assist them.

SOME HON. MEMBERS: A supplementary.

MR. SPEAKER: A supplementary, original questioner.

MR. ROWE: Am I recognized?

AN HON. MEMBER: Yes, boy.

SOME HON. MEMBERS: Oh, oh!

MR. ROWE: What is all this malarkey, Mr. Speaker? Get out! Represent them! Do your homework! Has the minister received any representation from me for incorporation of communities? Has he received any petitions from the people of Green's Harbour and New Harbour asking for incorporation of communities? Has the minister in his files down there for the last four or five years, passed along by any other Ministers of Municipal Affairs in the House - that is the problem. There have been so darn many Ministers of Municipal Affairs and Housing they do not know what is going on down there. Do not petitions presented before this hon. House count as an application and a request for incorporation? If that does not, what does?

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

MR. DINN: Mr. Speaker, whether the hon. member knows or not I do not know, but there are ways to become incorporated in Newfoundland today.

MR. ROWE: Yes.

MR. DINN: With respect to local government, town councils etc., petition is the thing to do and to get a majority on that petition requesting incorporation. For community councils, Mr. Speaker, the procedure is that you get a majority of the people out to a meeting and have a majority of the people in the community vote for incorporation.

MR. ROWE: Right! I understand that!

MR. DINN: Then notify the minister and the minister will do whatever he can to assist that community to become incorporated when that happens. I have sent out a letter, I have said I received two

MR. DINN: replies back, these two have been incorporated and I am waiting.

MR. STRACHAN: A supplementary.

MR. ROWE: A supplementary.

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

MR. STRACHAN: The community that I am referring to, the community has done everything the minister has said, including a 93 per cent vote in the community for council. The minister is now stating they cannot be incorporated unless they go back and have another meeting and have another vote and the community will just not believe it, they will not do it. That is what the minister is indicating.

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

MR. DINN: Mr. Speaker, with all due respect to the hon. member, what I am really saying is that if a community got together, got all the residents in and they voted for a community council, and they elected a committee to represent them, would that committee indicate to the minister that they still want incorporation -

MR. ROWE: Why do they have to do that again?

MR. DINN: - based on the fact that service fees have gone up, the minimum service fee, etc. The criteria has changed since these people requested incorporation and it is not the intention of this administration to force local government down anyone's throat.

ORDERS OF THE DAY

MR. HICKMAN: Motion 8.

Motion, the hon. the Minister of Forestry and Agriculture to introduce a bill, "An Act To Amend The Forest Land (Management and Taxation) Act, 1974 And To Make Other Statutory Amendments In Respect Thereto." carried. (Bill No. 67).

On motion, a bill, "An Act To Amend The Forest Land (Management And Taxation) Act, 1974 And To Make Other Statutory Amendments In Respect Thereto," read a first time, ordered read a second time on tomorrow.

MR. HICKMAN: Committee of Supply.

On motion that the House resolve itself into Committee of Supply, Mr. Speaker left the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Order, please!
Heading 1101 - Mines and
Energy.

MR. ROBERTS: Mr. Chairman.

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

MR. ROBERTS: Thank you, Mr. Chairman. I would like to say a few words on the - about twenty minutes worth, to be honest - minister's salary, the general heading of the department, and I would like to

MR. ROBERTS: deal with the same subject which I understand my friend and colleague, the member for Eagle River, (Mr. Strachan) dealt with last night and that is this question of a tax on the energy produced at Churchill Falls, or for that matter it may be necessary to levy a tax upon all energy, or at least all electrical energy generated in this Province and couple that with a series of rebates. I note that in passing. It is not central to the -

MR. CHAIRMAN: Would the hon. member yield?

MR. ROBERTS: Yes, of course, Sir.

MR. CHAIRMAN: I would like to welcome to the galleries on behalf of all members of the House of Assembly twenty-six grade nine students from Gill Memorial High School in Musgrave Harbour, accompanied by their teacher, Mr. Wayne Reid, and Mrs. Reid.

SOME HON. MEMBERS: Hear! Hear!

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

MR. ROBERTS: Thank you, Mr. Chairman. As I was saying, I think this is a very important topic and it is one upon which I would hope both the Attorney General, in his legal capacity, and the Minister of Mines and Energy will speak because it may very well present a way out of a dilemma. But before I get into that, Mr. Chairman, I would like to dispose of a matter to which I just briefly referred before Your Honour asked me to yield and that is this question of applying it to other electrical energy generation in the Province. It may be necessary in law to have a tax levied on all electrical energy generated in this Province and if that is so then it is a simple matter to structure as part and parcel of that, perhaps by separate legislation, a series of rebates so that the cost to the consumer in this Province, or at least the domestic consumer will be no greater than it is now. I make this point simply to put aside, because I believe it is peripheral to the central argument, this whole question of

MR. ROBERTS: whether we would have to levy a tax on everybody or not. If we had to, if that were required by the requirements of the constitution, then we could solve the dilemma very easily.

Now, Sir, let us look at the situation with respect to Churchill Falls power and let me begin by saying that nothing is less productive at this point in time than to condemn the contract into which Churchill Falls Labrador Corporation entered ten or twelve years ago; equally nothing is less productive at this point in time than to condemn, or to praise for that matter, the arrangement by which the government of this Province acquired a two-thirds interest in the CFLCo company. We now hold a total of 65.8 per cent of the issued shares of Churchill Falls Limited. No more shares will be issued so we held effectively two-thirds of that company. The remaining one-third is owned by Hydro Quebec. And as far as I am concerned - we have had a lot of debates in this House about it, Sir - and as far as I am concerned there is little point at this stage in going back over the decision by the government to acquire CFLCo. Whether it was good or bad is a matter that is certainly of importance and interest but is essentially irrelevant at this point in time. We own it and nobody else is going to buy from us and what we can do with it is something we ought to talk about, but the fact is that we own it, it is there. Equally it is profitless in my view to talk about the contract - not to talk about it, I intend to talk about it, but to go into any detail on the wisdom of CFLCo entering into a contract with Hydro Quebec in 1965. I think it was 1965. It may have been 1966. In any event the contract between CFLCo and the Hydro Quebec, the contract under which Hydro Quebec agrees to buy and CFLCo agrees to sell almost all of the production of the Upper Churchill. Just so we will have the figures there are - the capacity of the Upper Churchill is 5,225 megawatts, that is an estimated annual energy capability of 34.5 billion kilowatt hours, almost all of that goes to Hydro Quebec.

MR. ROBERTS: The figures for the most recent year are that CFLCo, Churchill Falls, sold 32 billion kilowatt hours of power to Quebec, 32 billion kilowatt hours out of a possible

MR. ROBERTS: production of 34.5 billion kilowatt hours. The remainder is consumed within Labrador, mainly in the iron ore mines in Western Labrador. Now whether the deal was a good one or a bad one at the time is something that cannot really be settled. Both sides thought it was a good deal, both CFLCo on one hand - the government were not party to it, they may or may not have been aware of it, I assume they were, but -

MR. SMALLWOOD: No.

MR. ROBERTS: Well, my friend from Twillingate was Premier and I believe the hon. - no, the Minister of Justice was not Minister of Justice at that point. The government were certainly not aware of it in any legal sense. They may have been told about it or they may not, but they were not party to it but they were not party to it. The deal was between a private corporation, as it was at that time, Churchill Falls (Labrador) Corporation on one hand, and on the other hand a Crown corporation owned by the government of Quebec, Hydro Quebec. Both sides believed it was a good deal or they would not have made it. It has turned out, of course, to be an incredible bonanza, an incredible bonanza for Hydro Quebec. Energy which they are now buying at between two and three mils has turned out to be worth between twenty and thirty mils. It is an astonishing bonanza; It is producing for Quebec an incredibly affluent state of affairs and I think that our position, our approach to it should be founded on that.

But I would like to talk about three aspects of it, Mr. Chairman. I would like to talk about just what is involved, and I would like to talk about a possible legal approach to it, - I do not think either the Minister of Justice or myself would particularly like to get into a detailed constitutional argument. I think there are very real constitutional considerations but I think the matter, for reasons I will outline, goes beyond that - and then I also want to talk about a strategy which I suggest we could follow.

MR. ROBERTS: But let us just talk first of all, Sir, about some of the quantities, the numbers involved. As I have said, Churchill Falls produces or has a capacity to produce and in a normal year will produce about 34 billion kilowatt hours. The contract between CFLCo let us just call it the contract, the contract is for forty years with a renewal option, and the option is at the option of Hydro Quebec, for a further twenty-five years. The contract specifies the price to be paid. It starts at just under three mils in 1977. It will be reduced somewhat; it will be about 2.5 mils, I am told, at the end of the first twenty-five years of the contract. That rate will be maintained until year forty and then the contract provides for a fixed price, assuming Hydro Quebec decides to renew it and I think we can grant that assumption, two mils per kilowatt hour for the rest.

Hydro Quebec have assumed some other undertakings. They have an obligation to pay some of the interest charges. I am told that amounts to about one half mil per kilowatt hour at the present state of affairs. That will vary. So essentially, Sir, Hydro Quebec for a figure that will vary between two and one half mils and three and one half mils, with the higher figure being incurred now and the lower figure coming into the future, Hydro Quebec has the right to about 32 billion kilowatt hours of power for about the next fifty years, fifty to fifty-five years depending on the effective date of the contract.

Now, Sir, is that a lot of power? It is a lot of power but where does it fit into the Quebec context? Well, Sir, the total consumption in Quebec Province in the most recent year I have, I am told they are the 1976 figures, was 94 billion kilowatt hours. So let us put those into perspective and let us forget all those zeroes because we are comparing apples and apples. Hydro Quebec produces two-thirds of the power consumed in Quebec, 94 billion kilowatt hours, and we produce one-third of it in this Province.

MR. ROBERTS: So in other words we are not talking about some marginal part of the Quebec Hydro grid. We are talking about one-third of Hydro Quebec's entire production. So it is quite true to say, as my friend from Eagle River (Mr. Strachan) said to the Premier of Quebec in the Premier's Office in Montreal one day this Winter, that you know if we ever pulled the plug the at Churchill Falls the elevators in this building will not work. And Mr. Levesque sort of grinned acknowledgement and proceeded, with that charm of his, to talk about something else.

But let us remember the one simple fact, because I think it is basic to the argument, one-third of the power that is consumed in the Province of Quebec is produced

MR. ROBERTS: in this Province. We are an essential part. They cannot get along without us. They do not have any alternate source of that power. That is worth remembering.

MR. SMALLWOOD: Except the potential.

MR. ROBERTS: Potentially, my friend from Twillingate says. Potentially they may.

MR. SMALLWOOD: At a cost of how many billions?

MR. ROBERTS: The James Bay is a potential. It is being realized, but the cost of James Bay power - I have not seen any firm figures. I do not think they know what James Bay is going to cost, but twenty-five, thirty, thirty-five mils.

MR. STRACHAN: No! Higher than that. Close to -

MR. SMALLWOOD: Anything up to twelve or fifteen in the billions of dollars.

MR. ROBERTS: Yes. The James Bay project threatens in a sense to come close to bankrupting the government of Quebec. But besides that, the fact remains that this power in any real sense is irreplaceable. So we are talking a large quantity of power, one-third of their total consumption, and we are also talking, Mr. Chairman, a quantity of power which cannot be released or obtained from any other place. Now I think those two figures taken together give us some pretty major bargaining weapons. I think they give us some advantages that if we choose to use them wisely and with courage can help us to reverse the incredible state of affairs in which we find ourselves today with power.

Now I only have a few minutes, I do not want to go over it in any detail, but let me say simply the present state is this, that we are scrapped for power in this Province. We are paying the highest domestic rates in Canada, I am told. It is significantly higher than, for example, in Quebec. The average for ten cities across Canada for five - I am sorry - a comparison of the monthly domestic electric bill, 500 kilowatt hours excluding provincial taxes - and remember, we pay 10 per cent tax on electricity in this Province - take 500 kilowatt hours: For ten average cities across Canada, Mr. Chairman, the price was

MR. ROBERTS: \$14.89. For St. John's it was \$16.35 and that is before the most recent increases that are now before the Board of Commissioners of Public Utilities, which presumably will be approved in whole or in part. What about Quebec? - \$10.60 in the Province of Quebec. So we are paying the highest prices - I think P.E.I. may be a little higher; I will amend that - but we are paying just about the highest prices in Canada. All of our marginal and incremental power apparently is going to be thermal fuelled, mostly oil fuelled. We do have some hydro capability left on the Island and hopefully that will be developed, but that will not take us very far. There is not enough hydro capacity left on the Island to meet our needs. So we are going to be faced increasingly with ever larger power bills and here is Quebec, a third of whose power comes from us under a very advantageous contract, here is Quebec Hydro offering its power for 60 per cent less - 60 per cent less for a domestic consumer. Now, Sir, I think that in equity and justice we are entitled to act, and I think we are entitled to act by all means within our power. I will not go into the legal case. I think that is sub judice and so I will not go into it except to say in my view the government ought not to pursue that. I think there is a better strategy. And I think the one which my colleague outlined yesterday, which I am going to touch upon now, I think that is a better strategy.

Sir, we have the power as a government - or as a House of Assembly, I should say, to levy direct taxes. It is in the British North America Act, Section 92 - 92(1) I believe it is, but it is 92(1) or 92(2) - to levy direct taxes. A tax upon resources is a direct tax. We do not have the power as a Province, nor ought we to have the power within Confederation, to levy an export tax. We cannot levy any tax, further, of an inter-provincial basis. We cannot tax power going to Quebec or we cannot tax fish going to Nova Scotia. We can only levy direct taxes and all of the taxes levied by this House and collected by the government are direct taxes.

MR. SMALLWOOD: Direct taxes within the Province.

MR. ROBERTS: My friend from Twillingate, of course,

MR. ROBERTS: is right - within the Province. I mean, this government or this House has no jurisdiction with outside the territorial boundaries of this Province. Our writ runs to the Cabot Strait and to the height of land and the 49th degree of latitude. That is as far as the writ of this House, and the government which answers to it, runs.

I think, Sir, we could

MR. ROBERTS: levy a tax. I am going to suggest others have. I have made the suggestion before publicly. My friend from Eagle River (Mr. Strachan) and my friend from Burgeo - Bay d'Espoir and my friend from Port au Port (Mr. Hodder), I believe, were the first people to raise the question publicly. My friend from LaPoile (Mr. Neary) -

MR. NEARY: I was the first to raise it.

MR. ROBERTS: Well, then, I had overlooked that. I acknowledge it.

AN HON. MEMBER: You not only overlooked it, you embarrassed him.

MR. ROBERTS: But my friends from Eagle River and Burgeo - Bay d'Espoir and Port au Port, made the suggestion publicly some months ago. I must admit at that time I looked askance at it, not from the policy point of view, but I said, It will not work in constitutional law. Well, it will not work if it were a tax on exports. But we are not talking a tax on exports, we are talking a tax on energy, on resources. We are talking a tax that is no different from the taxes, no different conceptually, from the taxes which the Government of Alberta levies on the oil. And, I might add, in levying those taxes the Government of Alberta altered unilaterally contracts and agreements which they had with oil companies. We are talking a tax that is no different conceptually, no different in theory or in law, from the tax which the Government of Saskatchewan has levied on the potash industry. We are talking a tax that is no different from the mining tax.

MR. HICKMAN: That is on its way to the Supreme Court now.

MR. ROBERTS: Yes, of course, it is on its way to the Supreme Court and the Supreme Court of Canada will uphold it. But the fact remains the tax is in

MR. ROBERTS: effect until and unless a court rules it out. The Alberta taxes are perfectly in effect, our mining taxes are in effect, and the tax on energy could be in effect and could be lawful.

MR. FLIGHT: Hear, hear!

MR. SIMMONS: That potash tax was upheld by both courts in Saskatchewan.

MR. ROBERTS: The potash tax has been upheld at trial and on appeal, as my friend from Burgeo - Bay d'Espoir says. I believe the Supreme Court of Canada will uphold it. I think it is a direct tax.

MR. HICKMAN: That is not so. Just for the record, that is incorrect.

MR. ROBERTS: I am told it is.

MR. HICKMAN: No. The trial judge decided in favour of the potash company and the Court of Appeal overruled the decision of the trial judge.

MR. ROBERTS: Well then I amend it. The higher court, the Court of Appeal, the higher court to hear it to date has upheld the validity of the statute and the tax - remember there is also, I say to the Attorney General, a series of actions underway arising out of the expropriation legislation which is a different kettle of fish altogether.

MR. HICKMAN: Also, as a matter of interest, it is, I believe, the first time that the Government of Canada intervened in that kind of a case, at the trial division, without being invited.

MR. ROBERTS: The Government of Canada has a right to intervene in any constitutional case, as does the Attorney General of the Province.

MR. HICKMAN: Yes.

MR. ROBERTS: The requirement is -

MR. HICKMAN: But it is without precedent.

MR. ROBERTS: The requirement is that

MR. ROBERTS: in any constitutional matter the court, as I understand it, must advise the Attorney General and give him the opportunity to appear. Not the parties, the court, if it deems the matter to be constitutional in nature, must advise the Crown so that the Attorney General has the right to appear, to intervene.

But in any event, the fact remains, Sir, the tax is in effect in some provinces in Canada and I believe it is a proper tax. The Supreme Court of Canada will rule on it in the case of Saskatchewan. In Alberta it has been in effect for years. We have done it here in this Province for years. Other provinces have. It is not a new tax. It is not a tax on exports, it is a tax on resources, a tax on resources within the Province.

Now, Sir, what could that tax amount to? Well, supposing we were to levy a 10 mil tax, a 10 mil tax, Mr. Chairman? I have some figures here. A 10 mil tax, that would bring the power in the hands of Quebec, or the hands of any other purchaser, we do not care who the purchaser is - and by the way, Hydro-Quebec buy this power within our Province. Point A, the point at which the transfer - the point of sale, point A, is within the Province of Newfoundland and Labrador. A point, I might add, which my friend from Twillingate (Mr. Smallwood) insisted upon is within this Province. The transaction takes place physically within this Province, we can control it.

MR. SMALLWOOD: It would be very hard to have the sale take place in Quebec.

MR. ROBERTS: That is right! But my friend from Twillingate who was then Premier insisted, and it is written in the documents, that point A is within the Province. Now why did they call it point A? It is to cater a little to the sensibilities of the ultra-nationalists, the ultra-montane crowd in Quebec who did

MR. ROBERTS: not want to refer to the border. Well, that is nonsense and garbage. The fact remains that it is within the Province and the documents, I am told, make it very, very clear.

Now, Sir, we can levy that tax. I am out of time, am I?

AN HON. MEMBER: With leave?

MR. ROBERTS: May I have leave to proceed? Twenty minutes is not long enough to develop an argument. If I do not get leave I have to yield and somebody else can speak.

MR. HICKMAN: Will you be very long?

MR. ROBERTS: I will be another ten or fifteen minutes only, I hope.

MR. HODDER: The hon. minister, last night, went forty minutes, I think.

AN HON. MEMBER: That is right.

MR. SMALLWOOD: That was a fine speech.

MR. ROBERTS: I would like to finish this if it is in order.

MR. CHAIRMAN: For the benefit of the hon. Leaders of the House, we have -

MR. HODDER: We gave the minister leave for forty minutes.

MR. CHAIRMAN: Order, please!

I know this is a serious discussion, so for your benefit as of one o'clock we will have two hours and twenty-five minutes, which means to say that we will finish debate, the seventy-five hours will be up, at five twenty-five. So probably you can split the time.

MR. ROBERTS: Well, thank you. If I could have leave for perhaps another ten or fifteen minutes I would like to develop the argument.

MR. PECKFORD: It is all right here. The only problem is with the Minister of Justice who wants to participate in the debate and has leave to and therefore -

MR. ROBERTS: I think he should participate.

MR. PECKFORD: - is under time constraints.

But the hon. minister has given you leave and that.

- MR. PECKFORD: is quite acceptable to me.
- MR. ROBERTS: When is the minister catching the plane to Ottawa?
- MR. HICKMAN: I will be here for the rest of the morning.
- MR. ROBERTS: Oh well, all right. Another ten or fifteen minutes, I think.
- MR. CHAIRMAN (MR. YOUNG): By leave? By leave, ten minutes.
- MR. ROBERTS: Thank you, Mr. Chairman, and I thank the gentleman and the members of the House. A 10 mil tax, which would mean that the power in the hands of the consumer would be 10 mils more costly, that 10 mil tax would mean the power would cost between 12.5 and 15 mils, still a bargain, a bargain by any standards, a bargain by comparison with James Bay power which is 25 or 30 or 40 mils, a bargain by comparison with what we are paying domestically, where I think the basic rate is 20 mils now for the first 200 or 300 kilowatt hours, whatever the rate structure of Light and Power is. That tax would produce in the hands of the government of this Province about \$300 million a year, a staggering sum of money, at 10 mils, and that is on 32 billion kilowatt hours. I think I have got the zeroes right. But about, you know a mil is being a thousandth of a cent, that is one-tenth of a cent, a tenth of a cent of kilowatt hours. \$300 million a year.
- Now the Minister of Finance would give almost anything he has, I would wager, for \$300 million a year. True it would effect our equalization. It would effect equalization but so it should. Equalization is like welfare. We get equalization because we do not earn enough or do not produce enough or generate enough, and it is a form of guaranteed minimum income, equalization is, on a federal-provincial scale.
- MR. DOODY: We would be proud and delighted to give it up.
- MR. ROBERTS: Well, I agree with the minister. We would be proud as a Province to give up equalization, proud and happy if the day came when we did not need equalization.

MR. ROBERTS: We could get \$300 million a year, a staggering, staggering sum of money. We could get it by a tax that is lawful, by a tax to be levied within the bounds of this Province. Now let us look at what would happen if we were to pass an act to levy this tax, and I think we are getting now to the nub of the situation. Supposing the government brought in a bill - it would get unanimous support - and we levied an energy tax 10 mils a kilowatt hour on all power, if need be, in the Province. We might have to have a series of rebates to domestic consumers. There are precedents for that. A number of provinces have a few dollars to spare, have home owners' rebates on taxes. In BC when Wacky Bennett was Premier, Mr. Chairman, he used to give out \$50 or \$100 to home owners. I think in Ontario the ante goes up every election. It is going up again now as they are coming close to polling day there. You know, there are precedents for it and it could be worked here.

But what would Quebec do? What would Hydro-Quebec do? They would not be very happy. I mean, that \$300 million comes directly out of their pockets. They are the consumers. They have to pay it. It is a sales tax, the same as when I go in to buy a car and if it is \$1,000 I have to pay \$100 sales tax. The garage owner does not pay it. It comes out of my pocket. They have to pay it. But can they afford it?

Well they have done rather well, you know. They have done rather well. Hydro-Quebec is a very profitable corporation. Its most recent annual report tabled in the Assembly in Quebec the other day reports continued financial strength. They borrowed \$1.267 billion last year, \$1,267 million. They financed twenty-five per cent of that internally. From their own revenues

MR. ROBERTS: they generated \$300 million last year. The Minister of Finance can only be generating - what? \$8 millions or \$9 millions this year internally. Their expenditure this year is \$1,800 millions, \$1.8 billion. Their net income last year - their net income - was \$311 million.

MR. DOODY: Down from \$400 million the previous year.

MR. ROBERTS: Their revenue from sales of electricity was \$1.05 billion - \$1,005 million.

And by way of example, this is the general manager noting that Quebecers continue to enjoy low energy costs. He said, and this is a quotation, "By the way of an example, a residential customer in Montreal today using 1,000 kilowatt hours - my earlier examples were 500 - using 1,000 kilowatt hours a month pays \$19.05 compared with \$21.87 in Toronto, \$28.65 in Vancouver, \$27.24 in Halifax and \$81.07 in New York City. There is every indication that Hydro-Quebec will continue to have low rates." And so there is unless and until we act. And they are getting their low rates beaten out of us, beaten out of the poorest province in Canada, the most highly taxed province in Canada, the province whose people have the lowest income in all Canada and the province that is being forced to turn to thermal power without getting any benefits from our hydro power. Now, Sir, can we do it? I think we can legally. The Minister of Justice may take issue with me, but I will let him make his case and then I will deal with that on the legal grounds. But can we do it in policy? Well, first of all, Sir, we are justified in equity. It is a terribly one-sided contract. I know in law that a contract is a contract is a contract.

I am not talking contract law, I am talking constitutional law. A contract that is so one-sided and inequitable we are justified in using our legal rights to redress it. Well then now, could Quebec say, 'We will do without the power'? Not likely! Not likely! The elevators in the Hydro-Quebec Building would stop running and the premier would be stuck on the eighteenth floor, as my friend from Eagle River (Mr. Strachan) told them. Hydro-Quebec has no alternate source of power. We hold the whip-hand in that sense.

MR. STRACHAN: New York State?

MR. ROBERTS: Now what about the bond market?

And I am very concerned about the bond market. I think our credit is something we must protect. It is being stretched very much. We have to be very careful of it. The bond market, how would they look at this? The contract between Hydro-Quebec and CFLCo, Mr. Chairman, is assigned as the security under the trust deed, the deed of trust under which the main financing was borrowed. The first mortgage bonds were \$500 millions and there is an extra \$50 millions here in general mortgage bonds in Canada and Hydro-Quebec have \$100 million worth of bonds as well. The rest of the capital, the \$930 millions that the project cost, was either equity or funds generated during construction.

The contract is the real security.

The hole in the ground which is Churchill Falls - the underground powerhouse and the penstocks and the exits for the water - that, Mr. Chairman, is not the real security. The real security is the contract, the take or pay contract with Hydro-Quebec, the contract without which the project would not have gone ahead.

Am I trespassing on my time by leave?

How quickly the time goes.

MR. CHAIRMAN: Three more minutes.

MR. ROBERTS: All right, I will try to draw it to a close, Sir. It is a complicated and, I think, very important argument. I will try to be brief.

What happens if that contract, the contract between CFLCo and Hydro-Quebec, in effect is defaulted upon? What happens? Well, I guess it would do irretrievable damage to the credit of this Province, because we own CFLCo - two-thirds, but we control it. The bond market would have no hesitation, the 200 men who sit in New York who control our destiny, who made us close Stephenville - you know, they have got us now, not much we can do about it. Maybe if we can get \$300 millions a year we will do something about it. Maybe they will respect a group of men who stand up and use

MR. ROBERTS:

their legal rights. But we must be

very, very conscious of their reaction. So I have a suggestion.

You know what it costs each year to service the debt, the \$500 millions?

It is about \$16.2 millions, I am told - \$16.2 millions last year. And

I am told the figures for the next few years, and these are from

CFLCo's report - \$23 millions, \$19 millions, \$21 millions - large sums

of money, but very small when

MR. ROBERTS: compared to the possible gain, so I would suggest that we should go to the bond market, to the trustees who hold this issue, the trustees who act for the people who lent \$500 millions to CFLCo and say, "Gentlemen, we are going to take on Hydro Quebec. They may stop paying under the contract. They may say the contract is breached. They may say all sorts of things. They may try to move in. Gentlemen, we will pay those bond issues. We will make sure that every nickel and every red cent due in respect of the payment of interest or the repayment of principal goes to the trustee on the dot." I would say we would be better ahead in this Province to do that. So Hydro Quebec do not have that weapon. Pulling the plug has always been an easy thing to talk about but difficult to do because of the bond market. Supposing we just say to the bond market, "We will make you whole. We will indemnify you. We will make sure of that. We will find the money." It is no larger than the money we have been putting into Stephenville. It is no larger than the interest payment on the Upper Churchill and Lower Churchill share purchase. It is no larger than we are finding now. The interest alone on the \$80 million a year that the Minister of Finance had to lend the Hydro Corporation is \$8 million a year. That is a third of it. You know, it is not a sum of money beyond our reach. The \$500 million bond issue will not fall due at once. We can make it as it goes, meet it as it goes. And so we can say to Hydro Quebec, "that you pay the 10 mil tax, and they say, "We will not pay it." They will say, "Damn your eyes, we will not pay it." We will say, "Fine, we will pull the plug. We will keep our power and you get by with two-thirds of your power." And they cannot do it. They will not be able to do it. They will have to come to terms with us. They will have to come to terms with us. And they cannot say, "You are in breach of the contract. We will move in," because I think we can cure that. We can cure it honourably and legally and properly.

MR. ROBERTS: The bond market know the situation. We have a good case. They are sensible men, and if we act honourably and honestly and properly I believe they will go along with us. So Quebec will then attack the legislation in the courts. Let them. And instead of us having to spend the next four or five years as the plaintiffs in a case that may or may not ever be resolved in our favour - the case that is now before the courts, which will be four or five years to get solved and even then what have we solved? - we will hold the whip handle. We will be collecting the tax and let Quebec attack it. I do not believe their claim is valid. I do not think it is and I predicted before that claim was settled in the courts, Sir, before it was resolved in the courts, Hydro-Quebec would make accommodations, would come to terms because even power at 10 mils more, 12.5 mils power is still cheap power by any standards in this world today. And Hydro-Quebec has no alternate source of power.

So, Mr. Chairman, I could go on but the House has been more than kind in allowing me to develop the argument to this point. I may come back later in the debate and allow the ministers to speak and others who wish to get into it. But let me try to sum it up by saying with one step I believe we could change the whole future of this Province and redress the whole balance of Confederation. And I think it is a legal step. I think it is a proper step. And I think what it takes is the courage. Have we but the courage and the vision and the daring to do it, we can do it. Bring an act into the House. Levy that tax. Go to the bond market before we move and say, "Here is what we are doing. Here is our reasoning. Here is our case and we will make sure that Churchill Falls Limited, CFLCo, pays ever last nickel that is due and we will put the money in if it is the last cent we get!" And I would think the people of this Province would cheer that to a man and a woman and then say to Hydro-Quebec, "If you do not pay it we

MR. ROBERTS: will let the water go to the sea unharnessed.

But you will have to come back to us because you must have that power. You cannot get it anywhere else. You will get it from us at a fair price. We are not going to hold you up to ransom. We are not going to do what Quebec has done to us. We are not going to do what Quebec has done to the other provinces in federal-provincial negotiations."

I remember the pension plan in Quebec City. The hon. gentlemen from Twillingate (Mr. Smallwood) will remember it, where Quebec held up the entire federal-provincial structure within its constitutional rights and forced changes in a pension plan.

MR. ROBERTS: We will use our rights as Canadians and as citizens of a province. So, Sir, I believe that if we have but the courage and the daring we can do it.

It is a bold scheme, but I believe it to be legal, I believe it to be lawful. I know it to be proper, I know it to be honourable. And I say, Sir, that in one move we could turn around the financial situation of a province that right now is headed for disaster financially, because the picture looking forward, the Minister of Finance will have to confirm, is grim in every sense. The budget he brought in this year was worse than last year, and next year it will be worse still the way we are going now. I think we can do it, Sir. And the question now, the question for this House and this country today is have we the courage and the daring to do it? I say, let us do it, Sir! Let us act, let us act now, and let us turn this around. We can do it. Let us do it!

MR. SMALLWOOD: Mr. Chairman, as one who had some -

MR. CHAIRMAN: The hon. member for Twillingate.

MR. SMALLWOOD: - a little something to do with getting Churchill Falls developed in the first place, I would like to have a word to say on the subject that has been introduced by the leader of this party, the Leader of the Opposition.

First may I reiterate one statement that he made that he did not develop too closely and that is the fact that the contract between Brinco, or Churchill Falls (Labrador) Corporation, on the one hand and Hydro-Quebec on the other is a contract that was negotiated and signed exclusively between Churchill Falls Corporation and Hydro-Quebec, not by the Newfoundland government. We did not sit in on the negotiations. We had nothing whatsoever to do with the negotiations. By 'we' I mean the government of the Province. It was exclusively a matter between the corporation and the public corporation of Quebec, Hydro-Quebec.

Now it has turned out to be an amazing bonanza for the Province of Quebec who own, of course, Hydro-Quebec -

MR. SMALLWOOD:

one of the greatest bonanzas, I suppose, in the history of industry and commerce in the world. Here they got for forty years renewable for quarter of a cent a kilowatt hour electricity that they can sell for now and get twenty, twenty-five, thirty mils - that is two, two-and-one-half, three cents a kilowatt hour though it costs them only a quarter of one cent. And when you talk of billions of kilowatt hours, this is a fantastic bargain the like of which the world has not very often seen. But, Sir, when that contract was made the other great source of power, of electricity - an even greater source, I would think, a source of more than half of the electricity developed in the world, well over half, I would think - oil was ninety cents a barrel, and a dollar was considered to be high. And oil now is \$14.00 a barrel and is headed for \$25.00. It will go to \$25.00 a barrel. That is why it was such a fantastic bargain for Hydro-Quebec as it was also at the same moment for Churchill Falls power. Mr. Chairman, that was not a one-sided bargain. That was a bargain that was very pleasing (a) to the shareholders of Churchill Falls (Labrador) Corporation and (b) to the shareholders of Brinco and (c) to the government and people of Newfoundland. Mr. Chairman, do you not remember the chorus of praise and congratulation heaped on me who had not negotiated the thing at all! I had initiated the whole idea of developing Churchill Falls. Indeed, I had brought the British in here, I had enlisted Sir Winston Churchill - the Queen of England had become a shareholder in Brinco. I had initiated the thing, but I had not negotiated the contract or signed it, nor did I even see it. But the praise was heaped on me as the one who had initiated this greatest of all the world's hydro electric developments - all the world's! - that made Boulder Dam look like a back yard installation by comparison, that made even the great development in Egypt look small - the world's greatest hydro development. It was regarded as a mighty accomplishment. The Premier of the Province went down at the formal opening and he was generous enough, big enough when he

MR. SMALLWOOD: got up to praise me in his speech which was televised and broadcast. And the one outburst of applause there was from that great crowd of people that day was when my name was mentioned because I was getting a lot of praise and credit.

MR. F. WHITE: Hear, hear!

MR. SMALLWOOD: And perhaps I deserved some of it. Certainly my colleagues in Cabinet deserved a great part of it as well. But, Sir, that great deal - great for Newfoundland, great for Quebec, and it takes two to make a bargain - that great project, that great contract which was hailed as a great accomplishment serving both sides well, both sides happy about it, both sides boasting about it, both sides very proud of it, that has turned out since, thanks to Saudi Arabia and Kuwait and Iran and all the oil countries, has turned out to be a very one-sided thing.

I bought a house, Mr. Chairman, on LeMarchant Road for \$3,800. I paid \$400 or \$500 down, which is all I had. I sold that house for \$7,000. The man who paid me \$7,000 for it sold it for \$12,000, and he in turn sold it for \$14,000. Now I did not know when I sold that - I knew that I had paid \$3,800 for it; I did not have it all paid off, but the title was in my name. And when I got \$7,000 for a \$3,800 house I knew I had a great bargain; but little did I know the man that bought it from me was going to make a lot more than I had made, and also that the man who bought it from him, Surely the world is chock-a-block full of cases like that where prices go sky-high unexpectedly, unforeseen increases. And that is what has happened in the case of Churchill Falls.

Now, Mr. Chairman, I am very proud of the fact that when I introduced the legislation into the House giving Churchill Falls the authority to develop the power and to build transmission lines and to export the power, when I brought that legislation in here there was a clause of which the government at present, the present administration are taking full advantage. There was a clause to the effect - it read like this, "Look, you can have the right to build turbines and generators, you have the right to develop the power, you have the right to build transmission

MR. SMALLWOOD: lines, you have the right to export that power to Quebec, but all subject to a condition. And the condition is that Newfoundland, the government of Newfoundland, when it says, 'We want so much of this back', shall get it." And under that clause the government at present have a case before the Supreme Court of Newfoundland.

MR. NEARY: But they are trying to get back more than was allocated under that clause.

MR. SMALLWOOD: No.

MR. NEARY: Yes.

MR. SMALLWOOD: No! Not so.

MR. NEARY: It is so.

MR. SMALLWOOD: Not so. I introduced that thing and piloted it through the House here. I should know what it says. The words are almost burned on my brain. Whatever the government needs -

MR. PECKFORD: Right.

MR. SMALLWOOD: Whatever the government needs -

MR. NEARY: Hear, hear!

MR. SMALLWOOD: - can be brought back.

MR. NEARY: Hear, hear!

MR. SMALLWOOD: That is what the law of Newfoundland is.

Now the Courts will decide whether that law stands. Maybe the Supreme Court of Canada in the end will have to make a pronouncement. But that is what the law of Newfoundland says, passed by this House, that we can get back whatever we want - all of it! every last kilowatt of it! That is the law, and they are now fighting that out in the Courts. Now I do not know with regards to this tax idea, which makes me shudder as a Newfoundlander, but as of this moment, just as I was the only public man in Newfoundland who came out flat-footedly and condemned and denounced the nationalizing of Churchill Falls, so now I say this: with the knowledge I have at this moment - unless there is a lot of knowledge I do not have - with what I know now, if I am the last man in Newfoundland who would vote against this banana republic procedure of putting a post facto tax on power for export, I will be that man. Now there may be reasons but I have not heard them.

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MR. SMALLWOOD:

There may be good solid reasons but I do not know what they are. All that I do know tells me that it would be madness on Newfoundland's part to try to take that sort of post facto action.

MR. ROBERTS:

Post facto? The tax only applies from here on in.

MR. SMALLWOOD: It is a post facto action on a contract that was made, and made when it was made in good faith, made honourably and made to the pleasure of both sides. It turned out to be one-sided. We did not make it one-sided, Quebec did not make it one-sided - Saudi Arabia did. And now to remedy that we would try this procedure. I say 'No!' Let us not endanger our credit as a people, as a province, as a government. Let us not put it in any peril. We can argue all we like that it would not put it in peril: I say it would. The government have done enough nationalizing. They nationalized Churchill Falls, they nationalized the big fish plant up in Burgeo, they nationalized the paper mill. Do not go any further or every bond house and every bank and every insurance company in North America will be denouncing you as a semi-Communist part of Canada. Do not listen to this talk. First of all, get the case settled in Court, but do not hold out any threats that if we do not win that case then we will do this or do that. Do not say anything about that. Just fight the case on its merits and try to win it. And there is the answer to it all. That will answer it, that will solve the problem. We will get the power back. It will be our power. We know what it costs to produce it. It is not going to cost any more to produce it now that we own it and if we bought back what we are now exporting we know what that will cost us. That is the answer to it. That is the answer to our problem. We have a problem, it is a very serious problem, but that is the answer to it. That is the lawful way. Now I do not know - my hon. Leader may be right - I do not know that constitutionally we could get away with it. Maybe we could constitutionally, he may be right - I do not know. He may be right when he says it is lawful. Perhaps it is lawful - I do not know - but it is immoral and it would do us irreparable damage in the eyes of the industrial and commercial and financial world of North America. It would do us irreparable damage, and I say, let us not. Now I will say this: it would be enormously popular in Newfoundland; you could win a general election on it. I said When I met with the then Opposition about this Churchill Falls nationalization, I said, 'What I am saying is unpopular. It is a popular thing the government are doing in Newfoundland. It is

MR. SMALLWOOD: popular." It was popular to nationalize Churchill Falls. And to follow my hon. Leader's suggestion would be popular in Newfoundland, but nowhere else. The people would like it; you could win a general election on it, I tell you. Dissolve this House today and have a general election three weeks from now with the Opposition, the Liberal Party, saying, 'We are going to put a tax,' and the government saying, 'This is madness,' and the government would be wiped out. The Liberals would sweep to power because it would be a popular thing with the people. But do political parties live or die by what is momentarily popular? It was popular to nationalize Churchill Falls - I was the only public man who opposed it - but is it popular today? Were the Liberal Party right or wrong when they fell in line with it? They were wrong. And they would be wrong today to push this idea. It is all right to put it up, as the Leader of the Opposition did, rather tentatively, as an idea, as a possibility. He is not burning his soul in the matter. He is not committing the whole of the Party to the matter. He is expressing a strong opinion. The same opinion has been expressed by the gallant young member from Labrador there in whom I take such pride because I happened to be the one who brought him to Newfoundland. He has been advocating the same thing. He is wrong. The member for Trinity - Bay de Verde (Mr. Rowe) - he has been advocating it. He is wrong. One of the contenders for the leadership of the Liberal Party, William Rowe, he advocates it. He is wrong. You might say they are all wrong but 'Joey'. Well, if you like. They were all wrong but 'Joey' when it came to nationalizing Churchill Falls, which was a horrible blunder - horrible! - one of the great blunders of all time in our 500 years

MR. SMALLWOOD: of history. So I plead, Mr. Chairman, I plead with the members of the Committee - all patriotic Newfoundlanders, all disgusted with the way Quebec is getting away with this marvellous bargain, all grinding our teeth and wondering what we can do - I plead with all of us, do not go the wrong way and the tax route is the wrong way, at least certainly until we have settled the question in court.

MR. CHAIRMAN: The hon. Minister of Justice.

MR. HICKMAN: This debate which was initiated last evening is probably one of the more serious debates that has come before this House in a long time and I have to say at the beginning that as Attorney General of this Province, and the first law officer of the Crown, I do not have that same freedom of debate as the hon. gentleman opposite. And I want it in the record very clearly that anything I say in the next few minutes will be totally without prejudice to the rights of this Province. It is not possible at this time in my opinion for anyone to be able to foresee what may happen, what may be necessary, what may be our last desperate chance sometime down the road, and it would ill behoove me as the Crown's first law officer to say anything here to make a debating point which very properly could be used in a court of law at a later date. Hence I repeat that what I have to say -

MR. SMALLWOOD: If the hon. gentleman would allow me. What is said here in the House, could someone in Court demand the production of Hansard and quote words that are used here?

MR. HICKMAN: Yes, Mr. Chairman, indeed that has been done not too long ago in a case which is presently before the court where a statement made in the heat of debate by the hon. John Turner as Attorney General as to the right of a Provincial Attorney General to prosecute in narcotics cases. It has now been used as evidence before the court. This is why I want to -

MR. ROBERTS: It has exactly the same value as a speech outside the House.

MR. HICKMAN: I want to proceed with some caution but there are matters that have not been brought to the attention of the public or to this House with the issues that have been raised by the hon. Leader of the Opposition. Now this matter, this whole question of the constitutional power of the Legislature of this Province vis-à-vis Quebec Hydro, vis-à-vis the contract, vis-à-vis the production of power in Newfoundland has been before government for quite some time, long, long before it was raised publicly by any hon. gentleman opposite and we have had the benefit of a fair amount of research and the benefit of some good legal advice.

Now, Mr. Chairman, before I deal with the legality of the matter may I say that we should not, in my opinion, disregard in any way the statements that just emanated from the hon. the member for Twillingate (Mr. Smallwood). That hon. gentleman has in excess of twenty years in negotiating with the bond market on behalf of this Province. I would say that he is in a better position to judge the attitude of the bond markets than any hon. gentleman in this House and I think that his contribution to this debate is one that should not be thrust to one side but rather again it is one that any responsible government has to give very serious consideration.

But let me deal with the other matters now, Mr. Chairman, as to what legislative rights we have. And again I concur with what the hon. Leader of the Opposition says, that insofar as the case before the courts are concerned, very properly our rules preclude any discussion of it. I simply say that counsel for the Government of Newfoundland are under instruction to see to it that the matters are disposed of as quickly as the courts are capable of doing it within the rules of court and the rights that other litigants and parties to that action have.

MR. ROBERTS: Could the minister tell us what time frame he expects we might see a settlement in?

MR. HICKMAN: I cannot give a time frame. A notice of appeal has been filed in the Court of Appeal against the decision of Mr. Justice Goodridge. It is hoped that the appeal will be heard in July. I think that we can take

MR. HICKMAN: a great deal of comfort out of the fact that that indicates that the courts are treating it as a matter of great urgency and will not countenance any unnecessary delay.

MR. ROBERTS: We are still looking at two or three years.

MR. HICKMAN: Now, Mr. Chairman, the issues to which we have to direct our attention in deciding whether we have any constitutional rights are two or three. One is, does the sovereign legislature of Newfoundland, sovereign within the provisions of the British North America Act, have the right, number one, to modify or revoke the May 12, 1969 power contract between Hydro Quebec and CFLCo in whole or in part? That is one issue.

Number two, does the sovereign legislature of Newfoundland have the right to levy a tax of special application on CFLCo or of general application on all hydro power produced within the Province of Newfoundland? Or three, are there any other courses of action that this legislature can take or anyone else can take or should take in this particular area?

Mr. Chairman, I do not think that it is a principle of constitutional law that is even arguable, or needs argument, that the legislature of this Province does have the power to rescind or alter a contract dealing with civil rights wholly located in the Province -

MR. ROBERTS: Property and civil rights.

MR. HICKMAN: - no question at all. But if you examine the power contract it is not that clear that the legislature in dealing with it is dealing with property and civil rights wholly within the Province, because it may very well be held, and I emphasize "it may", very well be held by the courts to constitute an undertaking extending beyond the limits of the Province. If it does we do not have the authority.

MR. SMALLWOOD: The House has not?

MR. HICKMAN: Or two -

MR. SMALLWOOD: This House has not?

MR. HICKMAN: Right! The power contract may have established

MR. HICKMAN: a civil right existing outside the Province. Again it would be beyond the competence of this legislature to legislate on it.

Now, Mr. Chairman, it is rather difficult to deal with law without policy being involved as well. I cannot think of any case in this Province where contracts between the Province and other persons or entities have been amended except with the consent of the other parties to the contract. But that is policy. Whether we would be prepared to legislate, whether it would be in the best interest of the Province to unilaterally revoke or amend a contract is something that is debatable. That is why, for instance, we did not nationalize Churchill Falls power but did it by way of negotiation. That is precisely why we did it, because of the respect that any sovereign legislature and any responsible government must have for its contracts.

And, Mr. Chairman, I am not aware of any legislation that has been introduced into this legislature which revoked or altered a contract between two parties. And what we are talking about now is the revocation or amendment of a contract between Quebec

Hydro and CFLCo. Now, Mr. Chairman, this is -

AN HON. MEMBER: No, Sir! No, Sir!

MR. HICKMAN: I am still dealing with the first issue -

SOME HON. MEMBERS: Oh, oh!

MR. HICKMAN: No, it is not argument on the issue. It is a very powerful issue and it is an issue, Mr. Chairman, that anyone with the slightest sense of responsibility would recognize. Now, Mr. Chairman, let me draw to the attention of the House certain provisions. You know, there is the argument as to whether or not it is intra vires this legislature to pass that kind of legislation. If it was decided that it was intra vires this legislature, there is the second question : would it be in the best

MR. HICKMAN: interest of Newfoundland from a policy point of view? Some very powerful arguments have been advanced by the hon. the member for Twillingate (Mr. Smallwood) in that respect.

But let us take a look at the next thing that flows from it. The first mortgage trust deed provides that if the power contract were rescinded or amended to decrease the quantity of power supplied to Hydro Quebec, or to diminish rights under it in other respects, this would constitute an event of default. Upon the occurrence of an event of default twenty-five per cent of the holders of outstanding bonds may call the loan. Thereupon Hydro Quebec would be required to make the annual payments of principal and interest under the trust deed if the trustee so requested. The voting trust agreement provides that when it should have paid \$124 million, Hydro Quebec would be entitled to purchase from Newfoundland and Labrador Hydro at \$15 a share, sufficient shares to increase its holdings in CFLCo to 50.1 per cent of the issued and outstanding shares of that company.

The effect of this legislation, Mr. Chairman, obviously would be, and assuming it is intra vires, would be to initiate a course of action which might deliver control of CFLCo to Hydro Quebec. May I remind the hon. gentleman for Twillingate of the very strong reservations that he had on that very clause and the very angry confrontations that he had with the late Donald Gordon concerning same. And that is a very, very real danger that I hope no one in this House would be prepared to countenance or to assume, or a risk we should not run. Now if the legislation is not intra vires the Province, well then we do not have to deal with it.

Now let me deal with the second issue, Mr. Chairman.

MR. SMALLWOOD: Would the hon. minister permit? I am ordinarily quick minded and I am listening with every fibre; would he just restate that again, that last argument? And the default, what is he quoting from, the contract or the bond deal or what?

MR. HICKMAN: The trust deed.

MR. DOODY: The trust deed of the bond holders.

MR. SMALLWOOD: The trust deed for the bond holders. Would he explain that again?

MR. HICKMAN: I will just go back to the event of default.

If there is a default under the trust deed, twenty-five per cent of the holders of the bonds may call the loan and thereupon Hydro Quebec would be required to make the annual payments of principal and interest under the trust deed if the trustee so requested it. Then the voting trust deed agreement provides that when it should have paid \$124 million, Hydro Quebec would be entitled to purchase from Newfoundland and Labrador Hydro at \$15 a share sufficient shares to increase its holdings in CFLCo to 50.1 per cent of the issued and outstanding shares of the company. So that the effect of that kind of legislation, if it was intra vires the Province, would be to initiate a course of action that might lead to delivering control of CFLCo to Hydro Quebec.

MR. SMALLWOOD: That stands today even though the Province now owns over half the shares of the corporation.

MR. HICKMAN: Yes, Mr. Chairman, the bonds are still outstanding.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: Yes, the bonds and the trust deed.

MR. HICKMAN: Now let me deal with the next one, Mr. Chairman, The second issue which is -

MR. SMALLWOOD: Yes. Yes.

MR. HICKMAN: Let me deal with this, and that certainly would constitute an act of default. Let me deal with the second issue, Mr. Chairman, in my opinion -

MR. SMALLWOOD: What is it that would constitute an act of default.

MR. HICKMAN: Changing the contract, bringing in legislation to change the contractual relationship between the parties.

MR. ROBERTS: Nonsense! CFLCo is not changing it, the House is.

MR. CHAIRMAN: Order, please!

MR. HICKMAN: Now, Mr. Chairman, let me deal with the second issue and that is the issue of taxation. There is no question at all that the legislature of any province has the undoubted jurisdiction to impose direct taxes of all kinds. Let me draw to the attention of the Legislature the provisions of the Upper Churchill statutory lease, Under the provisions of the Upper Churchill lease, CFLCo has been exempted from any increase in existing taxes and from all new taxes, charges, dues, fees, rents, levies, royalties or other assessments of whatsoever nature or kind that are within the power of the Legislature to impose.

AN HON. MEMBER: That is part of the legislation.

MR. HICKMAN: Let me read this again because it is part of the legislation passed by this Legislature; that under the Upper Churchill lease, CFLCo has been exempted from any increase in existing taxes and from all new taxes, charges, dues, fees, rents, levies, royalties, or other assessments of whatsoever nature or kind that are within the power of the Provincial legislature to pass.

In the financial agreement and in the trust deed this Province covenanted

Mr. Hickman.

that as long as the lease is subject to the lien of the trust deed the Province will not terminate, limit or restrict any of the rights and liberties of CFLCo thereunder. And these are the -

MR. SMALLWOOD: By merely buying shares, we were not violating any of these provisions.

MR. HICKMAN: No!

MR. STRACHAN: No, no.

MR. SMALLWOOD: Right!

MR. ROBERTS: You just simply buy -

MR. SMALLWOOD: Yes, I know, you buy shares.

MR. ROBERTS: You buy out the trust deed.

MR. HICKMAN: Now, Mr. Chairman, this Legislature -

MR. DOODY: What were the bonds, interest then, four or five per cent?

MR. HICKMAN: Five per cent.

MR. DOODY: Five per cent money. They would jump at the opportunity.

MR. HICKMAN: Mr. Chairman, this lease, as I said, has been ratified by statute. Well obviously the Legislature has the right to amend any statute, it can amend any law, and the provisions of the lease and can amend the covenants of the Province and the trust deed. But, Mr. Chairman, if this should be done in my opinion it would lead to certain rather disastrous results. One, in view of the explicit provisions of the Province's covenants and the financial agreement and the trust deed, the credit of this Province would be impaired to such an extent that in my opinion it would have great difficulty for many years to come in the bond markets of Canada and the United States where the institutions holding the bonds under the trust deed are presently located.

MR. SMALLWOOD: Would the minister yield a moment?

MR. HICKMAN: Yes.

MR. SMALLWOOD. Suppose we were to do what has been suggested, we put a tax on. The result is that the power stays in Newfoundland, and we get customers for that power. You would have to have customers or how would you pay the bondholders their interest on their bonds? So you would have to sell the power, We get customers to buy the power - American companies come in here, European companies come in, and they buy the power, and they make a contract, twenty, thirty, forty years for the power at a price. Could this House then five or ten years afterwards amend the whole thing and raise their price? Could they make a firm price with us that this House could not change?

MR. HICKMAN: No.

MR. SMALLWOOD: And if the House could change it, who is going to be foolish enough to come in and make a contract with us at a certain rate for power?

MR. HICKMAN: There are two issues raised by the hon. member for Twillingate (Mr. Smallwood). Number one is obviously if you enter into a contract, a statutory contract or a contract with statutory ratification, that this Legislature can at a subsequent date amend it even though it is a firm, fixed contract. It has never been done in the past. I would think that a Legislature exercising its responsible functions would be very reluctant to do it in the future; and secondly, there is very little doubt as to the severe impact in this case, in my opinion, this would have in the bond markets with which we deal. And may I point out to this House that a very high percentage of the bonds of Quebec Hydro are held in the same markets and by the same institutions as hold the bonds of Newfoundland and Labrador Hydro and the Government of Newfoundland.

MR. ROBERTS: They get a better rating than we do.

MR. HICKMAN: And, Mr. Chairman, the second point - and I do not want to digress too much from this - is that a statutory amendment to the lease would in my opinion, and I think this would be obvious, that any amendment to the statutory lease would unquestionably constitute an event of default, and again could lead to the delivery of CFLCo to Hydro Quebec in precisely the same reasons and in precisely the same way that I set forth with respect to legislation amending or rescinding a contract.

Now, Mr. Chairman, you know, I hope that there is no one in this Province or in this Legislature who believes that if there was any legal, moral, responsible way to make changes in this existing arrangement that this government and this Legislature would not do it. Of course, we would. But the question is, How do we approach it?

MR. HICKMAN: We have chosen as a first step to have the courts adjudicate upon and we believe and hopefully confirm what we believe to be our legal rights. No one would be foolish enough or unwise enough or imprudent enough to think that if tomorrow morning this Legislature passed legislation rescinding or amending the contract or imposing a tax of general application -

MR. PECKFORD: Or amending the lease.

MR. HICKMAN: - or amending the lease or any such type of legislation, let us not think for one moment that Quebec Hydro would not initiate in their courts, not in ours, in their courts, an action to question the vires of that legislation, and the delays would be long and costly and in my opinion would not lend itself to any fruitful negotiation.

We have seen very slight signs of concern on the part of the present Government of Quebec, whether they are prepared to talk to the Government of Newfoundland in good faith remains to be seen. One thing though we can be sure of, that no matter how tough, no matter how brutal, no matter how unconscionable the present administration in Quebec is, and we have seen no signs of that in any of these three areas, they will never, but never, be in the category of the Lesage Government or the Bourassa Government vis-à-vis this Province. These were the two most heartless governments that ever held office in Quebec from the point of view of the Province of Newfoundland. And the best thing that ever -

MR. SMALLWOOD: What about Duplessis?

MR. HICKMAN: And the best thing that ever happened to Newfoundland, certainly looking at it in that time, was the election of the late Daniel Johnston as Prime Minister of that Province.

MR. CHAIRMAN: Order, please!

MR. HICKMAN: Well, Mr. Chairman, if I may but one or two minutes.

MR. CHAIRMAN: By leave? Agreed.

MR. HICKMAN: We, acting upon good, sound, legal advice that has been acquired from top constitutional lawyers, decided that the best course of action in the best interest of the people of this Province is the course of action that we are now following; not just one, but all the way from Vancouver to St. John's, men with years of experience in the Supreme Court of Canada on constitutional issues. And there are many issues raised in that court case today, and I wish I could discuss them but I cannot. The one the hon. member for Twillingate referred to is the right to recall power. Another which is of equal importance, if not even more so, is interpretation of the force majeure clause and whether the enactment of legislation would fall within that category. And that second issue, in my opinion, when resolved favourably toward Newfoundland, may then open up all sorts of possibilities in the legislative field.

But, Mr. Chairman, it would be so easy to stand here today and say we should have the courage to bring in this legislation, we should go down to the bond market first and say, "What do you think?" Supposing they say, "No." What do you think the people in the bond market, whose life and very breath depends on contractual relations - that is how they operate, everything they do is in writing, solemn, contractual relationships between parties and governments - do you think their answer would be, 'Go to it.'? Not on your life! So they say, 'No!' So what do we do then if they say no? Come back and say, Boys we went down and we asked them and they said, No. If that gets reported back to Quebec I would suggest then any bargaining power we may have is in very, very serious jeopardy. But as the hon. member for Twillingate (Mr. Smallwood) says you could possibly win an election and you could probably remain in office as a government for six months until the awesome truth showed through,

MR. HICKMAN: until the government services were in jeopardy and then you would be booted out and properly. But, Mr. Chairman, one of the penalties - I do not know if it is a penalty, but the price that has to be paid by a government is that in cases such as this one has to act responsibly, one has to act in accordance with our own laws passed by this Legislature and if there is a way to achieve that end within the law then we have an obligation to do it, and we are discharging that obligation.

Now, Mr. Chairman, let us not get carried away by the cost of Bay James and say that that cost is so horrendous that it puts the Province of Quebec in a position of total or

MR. HICKMAN: partial dependence upon hydro from Labrador. So it does rate today. And Bay James power is -

MR. STRACHAN: They do not want to give you -

MR. HICKMAN: Bay James power is relatively expensive. But when you look at hydro power you are looking at a renewable resource, you are looking at something with a longevity that is almost indefinable. And, Mr. Chairman, the Province of Quebec happens to be in a very fortunate position where any surplus power coming from Bay James, it will sell. It has the transmission lines to dispose of it. And price is not going to be any obstacle. So, Mr. Chairman, let us make sure that we not, you know, start moving from a position that is not quite as strong as we would suspect it to be. But, Mr. Chairman -

MR. ROBERTS: If Quebec can sell surplus power then they will buy twelve mil power rather than thirty mil power.

MR. HICKMAN: But, Mr. Chairman, I go back to where I began. I believe - and this is on the best advice we can find, and obviously that advice cannot and should not and would not be acceptable if it had any political overtones or political connotations - that the procedure that we are following, that the course of action that we have initiated is the one that if successful will be unquestionably in the best interests of this Province.

AN HON. MEMBER: Oh, it is.

MR. HICKMAN: And it is certainly an oversimplification of the issues to say, 'Where is the courage to put on the tax?' If that were the only answer we could draft a bill this afternoon and have it through tonight, if we were prepared to live with the consequences that would unquestionably flow therefrom.

I do not know whether the Province of Quebec will soon start to indicate its willingness to talk to Newfoundland, but it has always been made very clear to them, without prejudice, very clearly without prejudice, that as in any other matter that is before our

MR. HICKMAN:

Courts, if they come to the conclusion and if they read carefully decisions of judges of the Supreme Court - the Court of Appeal of Newfoundland, the Supreme Court of Canada - that they had better sit down and talk to us. They will not find an unwillingness on our part to hold meaningful discussions with them. But they will have to be meaningful. And they are not going to be in a position of 'You will take this or nothing'. And we do have assets to offer. We will have some surplus power from the Lower Churchill. Quebec inevitably will wish to develop the rivers that empty into the Gulf of St. Lawrence through their province whose head waters are in our Province. So it is not all a one-way street. And I would think that very able Minister of Finance in Quebec, the hon. Jacques Parizeau, who was one of the negotiators, in fact I believe he was the prime negotiator for Quebec Hydro at that time - he was. I think, a deputy minister - will understand full well the significance of meaningful discussions with the Province of Newfoundland. And if we want to get public opinion in Canada behind us on this issue, and I believe we can do that - I do not believe for the life of me that Canadians including Quebecers want to see us raped of our resources forever - if we want to get Canadians behind us, let us draw to their attention the surplus energy

Mr. Hickman.

that they will so desperately need in the next twenty years that is presently in our Province and that we can supply to them at a market price if they can persuade their Government of Canada to take a very national leadership position and use the same philosophy with respect to the transmission of power as is used with respect to the transmission of oil and gas or the transportation of goods by means of a national railway. And there is no doubt in my mind, Mr. Chairman, that that has to come. We have seen the occasional very guarded statement emanating from the Federal Minister of Mines and Energy, the hon. Allister Gillespie, which indicates that he sees the problem and is aware of the challenge.

MR. STRACHAN: Quebec insists that it has nothing to do with the federal government.

MR. HICKMAN: The time will come, I believe, when some Minister of Mines and Energy, some Government of Canada, is going to accept that challenge, and when they do -

MR. ROBERTS: You mean, 92(10)(c)?

MR. HICKMAN: - and the sooner they do the better. The stronger the bargaining position of this Province and the greater the assurance we will have that there will be returned to the people of this Province what is their just reward from the development of this very strong renewable resource.

MR. ROBERTS: Is the minister suggesting that the Parliament of Canada use the power under 92(10)(c) of the BNA Act?

MR. HICKMAN: Yes, Mr. Chairman.

MR. ROBERTS: Do not hold your breath.

MR. HICKMAN: Well, the Hon. Allister Gillespie in a place called Chatham, Massachusetts, announced it -

MR. ROBERTS: He announced it to me privately, too, a year ago.

MR. HICKMAN: - to the press that he was giving very serious consideration to it. He, I believe, had some difficulty. Obviously, he did not persuade his -

MR. WHITE: Who won the November election?

MR. HICKMAN:

no, no, it was

after the election - he did not persuade his colleagues in Ottawa to do it but some day he may, some day he will. Some day Canadian public opinion, both within and without Quebec, will force this to be done, because people who are desperate for energy, who have to pay an exorbitant price for energy, whose industry depends on energy and whose way of life depends on energy, they will force governments to take the kind of action that is in their best interests, and it will come.

But, Mr. Chairman, I close as I began; that my comments with respect to the legal position of this Province, as defined for us by very competent constitutional lawyers, is completely without prejudice and should not be interpreted as binding this Province or this Government down the road as to what action may or may not have to be taken.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, it has been a very interesting legal debate in the House so far, Sir. We really have not touched on the bread and butter issues yet as far as the minister's department is concerned. We seem to have a little dissension, a little division in the ranks with the regular Liberals, with the Leader of the Opposition saying that an arbitrary tax should be imposed by this Legislature on the export of power to the outside of the Province, outside of Newfoundland, and we have the former Premier, the member for Twillingate (Mr. Smallwood) denouncing that, saying that it would look like an act of a South American dictator. And then we have the Minister of Justice giving us a lecture, preaching to us in legal jargon, and actually saying nothing. The minister was so careful to say in the beginning that he hoped that he would not be quoted outside of this Legislature, that anything he says will not be construed, misinterpreted by the courts and be used as evidence. In actual fact the minister said nothing, Sir. He said nothing to the House. The hon. member for Twillingate (Mr. Smallwood) said more than the Minister of Justice. The Minister of Justice did not tell us, did not deal with the threat, the unthinkable threat of Quebec

Mr. Neary.

separating from Confederation. What happens then? What happens then?
The minister gets up and says, Well, we are hoping, we are hoping,
rubbing his hands and hoping that Quebec will negotiate, there will be
some meaningful

MR. NEARY: negotiations. What foolish nonsense, the Province of Quebec negotiating with Newfoundland for a better deal on the Upper Churchill. The hon. gentleman must be out of his tree to think that is going to happen, when you have a part of the platform, the policy of Mr. Levesque and the Minister of Finance in Quebec is to take over Labrador. That is their policy.

Mr. Chairman, the minister shakes his head and says, No. It is a part of their platform, or the hon. gentleman must be asleep. They say they are going to separate from Confederation and one of the points in their platform is to take over Quebec and the minister says, "We might have meaningful negotiations." What we need with that crowd is some tough talking for a change as far as Labrador is concerned. And despite the fact that we have heard a lot of rumblings in this House and outside of this House about Labrador, the residents of Labrador wanting to separate from Newfoundland, in the preliminary report that I issued the other day from a survey that I am doing in Labrador, well over eighty per cent of the respondents to a proportional random survey of the population of Labrador City and Wabush, are unanimous in preferring that Labrador continue as a part of the Province of Newfoundland.

MR. SMALLWOOD: Eighty per cent?

MR. NEARY: Eighty per cent of the respondents.

MR. SMALLWOOD: What about the other twenty?

MR. NEARY: One point eight per cent ticked 'Join the Province of Quebec', one point eight per cent. Other options were suggested by eight point eight per cent.

AN HON. MEMBER: That was probably by the French.

MR. NEARY: That was probably the French population, one point eight per cent. Hon. members may not be aware that the population in Wabush and Labrador City is only about ten or twelve per cent, less than fifteen per cent of the population is French, but the French language is being shoved down the throats of the residents of Labrador City and Wabush and on the shelves of Dominion Stores the labels on the bottles and the cans are all in French.

MR. DOODY: French radio.

MR. NEARY: French radio station practically down there. And the hon. minister has the stupidity, the audacity to get up and suggest to this House that there may be meaningful negotiations on the horizon. What a pipe dream! What a weak-kneed attitude for the Attorney General and the Minister of Justice in this Province to take. And there are going to be no meaningful negotiations; if there is going to be meaningful negotiations it is going to be a takeover of Labrador. That is what this crowd have in the back of their mind. And so let us get tough for a change. And if we have to put a tax on, if that is the thing to do, then let us do it. The whole thing now is going to develop into a long-drawn-out constitutional wrangle and the only ones who are going to benefit by it, as I said right from the start when the thing was done, are the lawyers. They are the only ones who are going to make a bundle out of this whole thing. And my hon. friend from Twillingate (Mr. Smallwood) says the government is not trying to take back more power than to which it is entitled, and I say they are. And I will my hon. friend a good argument as to why I say they are. We are only entitled to take back at the moment 300,000 horsepower, but we can take back all the power providing we have use for it. The trouble is we have no use for it.

MR. SMALLWOOD: That is the job, to get customers.

MR. NEARY: Well which came first, the hen or the egg? The Attorney General, representing this Province, went before the Energy Board of Canada to lay out a case to try and stop Quebec Hydro from exporting Newfoundland power down in the United States, and what happened? What happened? The minister put up the most pathetic case, the weakest case that you could imagine, and then when the Chairman of the Board sent for the minister and his officials to come back to give further evidence they had taken off, they flew the coop. They did not even think it worth their while to stay to continue the hearing.

MR. HICKMAN: On a point of order! I would like to establish the fact, Mr. Chairman, that I never appear before the Energy Board. I have never been invited to appear before the Energy Board.

MR. NEARY: I do not know what it is called.

MR. HICKMAN: Or any other board.

MR. NEARY: Well, the minister

MR. NEARY: was supposed to be there representing the Province. Maybe the minister did not turn up.

MR. HICKMAN: No, he was not.

MR. CHAIRMAN: I do not see it as a point of order but a point of explanation. The hon. member.

MR. NEARY: Well if the minister did not turn up then there was nobody, no minister representing the Province in this. Well, I read the report and I saw the minister's name; the minister was registered at the hotel.

MR. HICKMAN: Mr. Chairman, not only was I not registered at the hotel I do not even know which city it was held in and I was not there, I had no intention of being there. The Province of Newfoundland was ably represented by able, legal counsel. And if people would only read what transpired at that was that we said that we would avail of every opportunity to publicly bring before any regulatory body or any other body in Canada the inequitable situation that exists between Newfoundland and Quebec with respect to power.

We knew before we went up there that this was an exchange of power -

MR. NEARY: But I thought you were not up there. You told us you were not up there.

MR. HICKMAN: I was not there. I said we knew, 'we', the government of Newfoundland

MR. NEARY: Well, the hon. gentleman had a reservation made.

Perhaps the hon. gentleman did not turn up.

MR. HICKMAN: I did not.

MR. NEARY: Well, Mr. Chairman, that even makes it worse. There was not minister representing this Province at a meeting, at a very important hearing that was being held to try to block Quebec Hydro from selling our power down South of the border, down in the United States. We sent up the lackeys, the flunkys, we sent up the high paid legal people that we have. And you know, Mr. Chairman, fortunately for Newfoundland, a stroke of luck for Newfoundland, not

MR. NEARY: because of any presentation or any representation that was made because they had all left before the hearings were complete, fortunately for Newfoundland the Chairman of the Board said we will allow the power to go down on a one year basis only. And that would be of surplus power only in the Summer time and not in the Winter time.

MR. HICKMAN: That is all in the application.

MR. NEARY: And so, Sir, we were saved by the Chairman of the Board and not by any representation that was made by this Province. So here we are now asking for 800 megawatts we are trying to get back. What for? Mr. Chairman, put yourself in the place of a judge or a jury of the supreme court and they say sure, okay, fine, you got a good argument but what are you going to use it for? Why we got the Premier on the other hand trying to negotiate with Quebec to get rid of the power from the Lower Churchill, to put that into Quebec Hydro or put it in through Quebec, on a temporary basis, the hon. gentleman tells us, because there is no way at this moment to get that power to the Island of Newfoundland. And if we take back 800 thousand horsepower and develop the Lower Churchill we have no choice but to export that power out of Newfoundland because we cannot use it in this Province.

MR. SMALLWOOD: Does the hon. gentleman not agree that the government, if they won their case in the court, the last court of appeal, the government wins and we can recall as much as the power as we want. The fact that we have then the right to do it means only that if, as and when we will have the customers for the power we will do it. But first we have to have the right to do it.

MR. NEARY: Well, Mr. Chairman, I do not really know what to say to that because -

MR. SMALLWOOD: It is good sound thinking.

MR. NEARY: You know, we have a better chance of hitting the jackpot on oil and gas offshore, in my opinion. But anyway it is going to be a long drawn-out legal battle.

MR. SMALLWOOD: Two years?

MR. NEARY: It will take longer than two years. It will be ten years.

AN HON. MEMBER: About that.

MR. NEARY: Yes, it will be ten years. But in the meantime, Mr. Chairman, this matter of imposing an export tax should not be ignored. This matter of Quebec separating as a province of Canada, separating from Confederation must not be ignored. It has to be faced - Beg your pardon?

PREMIER MOORES: That would solve that problem.

MR. NEARY: That would solve the problem. But the minister made no reference to that in his judicial approach that he took to this whole matter, who was so careful not to rock the boat, not to say anything to offend Quebec province.

AN HON. MEMBER: Not to offend the Supreme Court.

MR. NEARY: No, pure nonsense. The hon. gentleman is a politician elected by the people of this Province who is supposed to be protecting the interest of this Province and not talking about meaningful negotiations with Rene Levesque. Rene Levesque would give the minister such a swift kick. Rene Levesque would not wipe up the floor with the Minister of Justice, the Attorney General from this Province, he would give him such a back-handed slap that he would not know what struck him. He is just going to move in and try and take over

MR. NEARY: Labrador and the minister knows that.

MR. DOODY: The minister would not walk out in the street without his card.

MR. NEARY: And so, Mr. Chairman, let us not hear any more nonsense about meaningful negotiations. It is about time we got tough with that crowd. And the suggestion made by the Leader of the Opposition is worth investigating and if it is going to -

AN HON. MEMBER: - said you were here

MR. NEARY: I beg your pardon?

AN HON. MEMBER: - by being

MR. HICKMAN: That is why we investigated very carefully.

MR. NEARY: It has not been investigated, at least the hon. gentleman has not told us whether it has been investigated or not.

AN HON. MEMBER: We will have to give away the whole shop.

MR. NEARY: Oh! Give away - The hon. gentleman is always so cagey and always there to protect other people's good names and all this sort of thing! If I had got a crack at the hon. gentleman during his estimates on the Shirley Blanche I would have told him about protecting people's good names, how he slandered and libeled two citizens of this Province -

MR. HICKMAN: Mr. Chairman, on a point of order. That is totally out of order, unparliamentary, and I ask that it be withdrawn irrevocably at this time.

MR. NEARY: To that point of order, Mr. Chairman. That is not unparliamentary, Sir. The use of the word 'slander' or 'libel' in this House is not unparliamentary.

MR. CHAIRMAN: I think to accuse of slander is a bit unparliamentary. Would the hon. member withdraw?

MR. NEARY: If that is unparliamentary I will withdraw it. But, Mr. Chairman, let us not hear any more foolish nonsense about meaningful negotiations with the Province of Quebec. Let us get tough. Let us get tough and see if we cannot accomplish something for this Province. I heard what the hon. gentleman said about short-term political

MR. NEARY: gain. I do not think for one minute, Sir, that the regular Liberals are interested in short-term political gain. I think there are enough issues on the go in this Province to get the regular Liberals back into power whenever the opportunity presents itself. I do not think they need make a political issue out of this. I do not think they will. I think the hon. gentlemen are patriotic and are not interested in sabotaging Newfoundland in the bond markets of the world. The Liberals are not noted for that. But I guarantee you this, Mr. Chairman, the damage that has been done in the bond markets and in the industrial world has been done by that administration on the other side and the hon. gentleman again tells us, 'Oh, it was not nationalization of the Churchill Falls Corporation, it was a negotiated settlement.' Well, I would like for the hon. gentleman to ask the Baron de Rothschild and see what he says about it, see if it was a negotiated settlement. It was the Royal Order of the Boot that Brinco got from the administration. And it has done irreparable damage, Sir, to the reputation of this Province in the international business world. And that is why you do not see development taking place in this Province today. The investors are shying away. The oil companies - the Minister of Mines and Energy has frightened the oil companies away with his policy, with his dragging his feet. And the minister will get up soon and tell us, 'Oh, what does the member advocate, giving the Province away?' No, Sir, I do not. I do not advocate giving it away, but I certainly would not take the dogmatic dog-in-the-manger attitude that the minister has taken and scared off exploration off our coast, waiting for this foolish White Paper. White Paper? It should have been pink not white. And now we spend another year or two, I suppose, pondering that over, getting briefs from Dr. Peters and all the crowd of experts that have suddenly sprung up in this Province on offshore gas and oil. And in the meantime the whole thing grinds to a halt. And the business community has no faith in this administration - no faith at all, Sir. They are not worried about the Liberals - when the Liberals get back in power they will be honourable - but they are concerned about the crowd, the hon. crowd that are there now. You come in and you make a deal

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MR. NEARY:

with them, you do business with them
and the next thing you know you get a kick in the rear end.

Mr. Neary.

And the hon. gentleman talks about the actions of South American dictators. Well, we already saw that in this Province. The Liberals are not going to do anything that is going to sabotage Newfoundland as far as I can see. The suggestion has been thrown out. It is a good one. It is an alternative. It is one of the possibilities open to this Province. And the Minister of Justice or the Premier or anybody else on the government side should not worry about offending Mr. Levesque or the people up in Quebec.

Mr. Chairman, on a more general matter - and we are going to have to get off this legal wrangle, this legal debate that is taking place in the House sooner or later - there is a matter of a shortage of power in this Province in the next few years, so we were told by the minister's predecessor, Mr. Crosbie, that in the 1980's there is going to be a shortage of power here on the Island of Newfoundland. I would like for the minister to tell us what is going to be done about that. Are we going to continue to build thermo generating plants?

MR. PECKFORD: Did you read my statement last night?

MR. NEARY: I was not here last night, Sir, so I did not read the hon. gentleman's statement. I do not have it in front of me.

MR. PECKFORD. You were given a copy.

MR. NEARY: Are we going to develop the rivers and streams we have on the Island or are we going to go up in Holyrood and expand the thermo generating plant and put ourselves in the hands of the Arabs, make ourselves slaves to the people the hon. gentleman was talking about, the oil producing countries. Are we going to build any more of these gas turbine operated generators like they have out in Stephenville that was built to bolster the Linerboard mill? When they knew they were going to close down the Linerboard mill, they spent over \$10 million on a gasoline turbine operated generator in Stephenville.

MR. PECKFORD: Wrong!

MR. NEARY: Right, Sir.

MR. PECKFORD: It is wrong!

MR. NEARY: It is right!

It cost pretty close to \$10 million.

MR. PECKFORD: It was \$10 million, now it is pretty close to \$10 million, Where are you going to end up?

MR. NEARY: It cost \$10 million, and it will cost, Sir, this Province substantial amounts of money to maintain and operate it every year.

Mr. Chairman, how many more of these gas turbine generators are we going to build? We did not even know that one was being built. I discovered it out there one day, and I told the CBC about it, and they sent out their Here and Now people and did a story on it. It was never announced in this House. It was just another one of these things that the Newfoundland and Labrador Hydro - this monster we created, making their own decisions without prior consultation with this House - went out and committed \$10 million of the taxpayers' money. No wonder they went in the hole last year! No wonder they are out looking for increases in electricity with that kind of extravagance and waste! I would like to know what that generator is going to be used for now that the Linerboard mill is shutting down?

MR. PECKFORD: It was not built for Linerboard.

MR. NEARY: Well, it was built right next to the Linerboard mill. I was down and looked at it.

MR. PECKFORD: That is a different question whether it was built right next to it -

MR. NEARY: Well, Sir, as far as I know it was built, Sir, to maintain the level of power at peak periods in the Stephenville area caused by the Linerboard mill. And the hon. gentleman cannot deny that. Ten million dollars of the taxpayers' money when they knew they were going to close the Linerboard mill down!

MR. PECKFORD: It was not finalized then.

MR. NEARY: No, it was not finalized then.

MR. PECKFORD: It was not for the Linerboard mill.

MR. NEARY: The hon. gentleman was not listening to me, Sir, and the statement I just made. It was built in Stephenville to maintain a level of power, a certain level of electricity at peak periods in the Stephenville area. And the reason for the drop in current at peak periods was because of the load that was being carried by the -

MR. PECKFORD: No, no!

MR. NEARY: Yes, Sir!

- taken by the Linerboard mill. The hon. gentleman better check with his officials, because when I discovered that it was being built out there, I asked some questions about it from the officials and they told me that it had to be built there because of the Linerboard mill, not directly.

MR. CHAIRMAN (Capt. Winsor): Order, please!

The hon. member's time has expired.

MR. NEARY: I will have to come back to it again, Sir.

MR. CHAIRMAN (Capt Winsor): The hon. minister.

MR. PECKFORD: Mr. Chairman, that previous speaker who just sat down - the most incredible logic ever I heard in my life, absolutely unbelievable, Mr. Chairman.

MR. PECKFORD: On the one hand the hon. member for LaPoile wants us to get tough as it relates to the Woner Churchill contract or the lease agreement, no question, Get tough with Quebec, get tough with the bond holders, get tough with everybody. No problems, forget the legal trash that the Minister of Justice had enunciated a little bit earlier; that is on the one hand he wants this real tough stand by the Government of Newfoundland, for the people of Newfoundland, and on the other side of the coin, and almost in the same breath he says, "You are driving away the oil companies. There is no exploration offshore. You have got everybody turned off in the business community, in the commercial community. Nobody is going to come in here and invest. What a stupid White Paper on oil and gas regulations. What a way to operate."

Now, Mr. Chairman, if you can make sense out of that kind of logic, out of one side of his mouth indicating let us get tough as it relates to hydro development in Labrador, as it relates to existing power contracts and a lease agreement.

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

MR. CHAIRMAN: Point of order.

MR. NEARY: If the hon. gentleman is going to quote me, Sir, and he is going to lose his cool and get carried away, he is going to have to quote me correct. I said get tough with Quebec. The hon. gentleman is getting tough with everybody in the oil business.

MR. PECKFORD: To that point of order, Mr. Chairman. It is just a difference of opinion between two hon. members and the hon. member for LaPoile should read his Standing Orders.

So, Mr. Chairman, if the hon. member for LaPoile -

MR. NEARY: Could we have a ruling, Mr. Chairman? Could we have a ruling?

MR. CHAIRMAN (Captain Winsor): A difference of opinion between two hon. members.

MR. NEARY: Thank you, Sir.

MR. PECKFORD: If the hon. member for LaPoile would just get his

MR. PECKFORD: thoughts clear on one issue at a time and develop it logically one perhaps could put a little more credence in what he has to say. When he takes this kind of an approach to some very important issues in the Province, then it really makes one doubt what he has to say and give it any degree of credibility.

On our oil and gas regulations, as most people know, Mr. Chairman, we are in a position to get tough. We have no existing agreements. There is a legal issue going ahead now probably before the Supreme Court of Canada which is going to be jointly done. There is no existing legislation in the Province binding us to a given set of conditions as it relates to the export of oil and gas as there is for hydro power. There are no contracts signed between two corporate entities in the sense of the Upper Churchill where you have CFLCo and Hydro Québec. You have none of the same conditions operating as you do on the Upper Churchill contract. Hence in the oil and gas situation we are trying to safeguard now as we can anticipate and project into the future, and as the hon. gentleman for Twillingate (Mr. Smallwood) said, and perhaps he is very right on this, at the time that the contract was signed relative to the sale of power on the Upper Churchill contract, nobody could really foresee the kind of escalation in oil costs and all the rest of it. Well, okay. Here we are now with another resource, with oil and gas, potential oil and gas off our Coast and with the experience of the Arabs, with the experience of the oil, with the experience we have had with massive inflation over the last ten or fifteen years we can learn a pretty good lesson before we get ourselves bound into agreements, leases or contracts. We can learn from that. Surely that is what history is all about and we are supposed to learn from it. So now at point "a", if you will, because it is as close to point "a" as you are going to get on any scale, on the oil and gas we might be able to do things a tiny bit different which will not put us ten or fifteen

MR. PECKFORD: years down the road in the same kind of debate on oil and gas then as we are on hydro now, which seems to me to be a pretty logical approach to things. I can see nothing wrong with that approach.

Mr. Chairman, as it relates back to what the Minister of Justice says, as it relates to the Upper Churchill and to the way in which this Province should proceed as it relates to getting a better deal on the Upper Churchill, I can only reiterate what he has said and to say to the hon. member for LaPoile that on three or four occasions since I became Minister of Mines and Energy I have had the thing reviewed with the Minister of Justice and other legal people in Canada. One of the first things I did when I went in the portfolio was to do exactly that and I can only indicate to hon. members opposite and to the people of the Province that the considered opinion of the legal people that we have asked on

MR. PECKFORD:

this question say that the procedure we are now taking is the proper course to take. Now that is what they tell us, that this is the way we should go, This is their recommendation. Besides that, as the Minister of Justice pointed out, there are some real doubts as to going the other routes either on the power contract or the lease agreement. It involves the first mortgage of \$500 million and so on, and there are some real doubts, the control moving from ourselves to Hydro Quebec and a number of other issues that he mentioned. Now these have been pointed up by our legal advisors, and that is where the matter stands. Now, as the hon. minister has said, if in the course of proceeding with this alternative, as we are doing now, either in length or in what they decide, what that court decides, we still keep open the other options that are available to us. And we continue to reassess the alternatives that we have taken. But at this point in time we consider it in the best interest of the Province as a whole, because of our legal advice and our own opinions which amounts to something, this is the best course to take. That might change two years down the road. It might change one year down the road depending upon how other things change. But right now today, 1977, May 31. - is it? - whatever it is, we still believe that this is the best route to follow. Whether May 1978, that same course is the one that we want to adopt is an open question as I see it. And, you know, one can argue on it all day after that, Mr. Chairman. Once again it is a difference of opinion on the interpretation of how dangerous a step are the other alternatives presented by the Opposition, and I do not take them lightly, Mr. Chairman. There is amongst some hon. members the feeling that we are scoffing at this kind of a suggestion. Well, I for one do not scoff at that kind of a proposal. It is a pretty sensible proposal, and one that had to be looked at.

And the hon. member for LaPoile (Mr. Neary) says that we should investigate it. We have investigated it. We are not putting on, we are not pretending. We have investigated that tax route. The hon. Minister of Justice - and I have it here as well - was reading

Mr. Peckford.

and using notes from research that we have done over the last year or so on this very question as it relates to a resource tax, as it relates to legislation to bring in direct taxation, as it relates to breaking the agreement and all the rest of it. These issues have been addressed by a number of legal experts in Canada for this government. And I do not take it lightly. And I say very clearly -

MR. SMALLWOOD: Would the minister oblige the Committee, if he has it there, by reading out the clause or sub-clause of the statutory agreement allowing Churchill Falls power to develop and export and so on, the sub-clause under which we now have an action in the Supreme Court?

MR. PECKFORD: I will get that.

MR. SMALLWOOD: Has he got it?

MR. PECKFORD: I have not got it right here before me.

MR. SMALLWOOD: It would be interesting to read it out.

MR. PECKFORD: I will get it. By my saying I am going to get it, there will be somebody moving on it right away so that I will have it and the next opportunity I get to speak, hopefully this afternoon, I shall read that section under which we are now in court.

Mr. Chairman, I do not want to take up too much of the Committee's time, because there have only been two issues yet that have come up. There was another point mentioned by the hon. member for Eagle River (Mr. Strachan) last night that I might get into this afternoon. I do not want to delay the Committee now, and perhaps he wants to speak on some other matters, but it has to do with the approach on the oil and gas situation as it relates to -- it is our resource so, therefore, we contract to sell rather than perhaps the methodology we are using now through royalty regime, through the NLPB a forty per cent provision and other ways, and he is indicating that certain Arab countries now are looking at it differently. I will get into that in more detail perhaps if he wants to expand on it somewhat this morning or this afternoon. And suffice it to say, it is my belief right now that under the regulations where we are getting revenue from the companies as it relates to royalties, as it relates to taxation, other taxation measures, as it relates to forty per cent equity of NLPB for which we do not have to pay, that this in effect

Mr. Peckford.

is how much the company is going to have to pay for our resource. Very often people do not look at it that way, that you must go from a contract point of view before you actually demonstrate that you show ownership. I say you are still showing ownership by going this route, And I do not know if you would extract any greater amount of dollars going the other route. If the question

MR. PECKFORD: is just one of routes to me the important question is how much you get, how much you end up with, and I would say that it would be very difficult to end up with much more going the other route based on the fact that many of the finds would not be commercial if we extracted any more from the companies than we are under these regulations, and that we increase, Mr. Chairman, remembering that under the regulations we increase the amount of revenue that we take as a government, dependent upon the profitability of the field. And so given that to be the main criteria under which we increase or decrease the amount of money we take from the companies it would seem to be a fairly fair and equitable way of doing it.

MR. STRACHAN: It should be based on the maximum field rather than base any policy on the marginal field.

MR. PECKFORD: Well it does go more on the maximum field than on the marginal field. That is part of the regulations. In any case I will stop there. Just to review, Mr. Chairman, the inconsistency in the argument of the hon. member for LaPoile it should not take up more of my time only to point that out that it does. On the whole question of the Upper Churchill contract, I reviewed that very generally that our legal advisers indicate that our present course is the one that we should be taking, that that is under constant review and that we do not look upon the proposals from the Opposition as being stupid or foolish or crazy. We are not at all smug on accepting these proposals as responsible alternatives that the Opposition wish to pose to government on the question, and that these will continue to be reviewed by the government in light of any changing -

MR. DOODY: There is another inconsistency also. He spoke about having no customers for the 800 megs and on the other hand he wants to know how you are going to meet the load growth.

MR. PECKFORD: Yes. Right. Exactly. That was a lovely inconsistency. And thirdly on the oil and gas regulations, which we can get back to

MR. PECKFORD: later, but my point being simply that the total take will not be that much different if we are going to get exploration and production, and that all we are really looking at is the methodology to be used rather than the total take.

MP. CHAIRMAN: The hon. member for Eagle River.

MP. STRACHAN: Five minutes and then I will get on. I want to respond only to the Minister of Justice there on some points that he made on the Churchill Falls tax that we are proposing here.

I still do not think that any argument he put forward either knocks or invalidates anything we propose so far, because we are talking about something and the strength of our approach is that it neither involves a disruption or interference of the original contract. We are talking about something out with the original contract. He also talks about the bond market and the situation there and again we feel that that is a very cautious approach that he has taken, possibly he has been advised to take that approach, but it has been done elsewhere to take a stronger approach and it has worked elsewhere, and I do not quite agree with his interpretation of that.

We feel that we spent considerable time on this and I think we should. We are talking about a tremendously important subject to this Province. We are talking about something in the region, if it ever worked, of \$340 million per year and even if it is only \$1 million per year I think it is worthwhile discussing this kind of thing rather than get into some of the lengthy discussions we have had in this House which have been totally meaningless and irrelevant absolutely. So I feel that any time spent on this discussion, in fact I wish there was more time to spend in this kind of discussion.

I am a little concerned in that the minister obviously, or as he states, and I do not know whether this is

MR. STRACHAN: "a conservative point of view, I mean conservative, a small "c" point of view, that he cannot discuss this because of this situation before the courts. This situation may be before the courts for many years and I am concerned that we therefore will not get any frank and open and in-depth discussion because of him trying to protect the position within the courts, and if we continue like that then of course there is no basis for debate whatsoever. Maybe another form of debate would be necessary, a closed one or something else, but it certainly poses a problem to us here.

The other point was that we really that the minister is talking about the route they are following and as we stated before, the route they are following is to regain power by October 1, 1983, and our argument is that to regain that power by October 1, 1983 means six years down the line, whether we won the court case tomorrow or September the 30th., 1983. And of course it would always be to Quebec's benefit to carry on to September 30th., 1983 and then concede it and say, "Yes, you can have it now

MR. STRACHAN: because we now have James Bay on stream. We do not need that power; in fact that power may be even surplus to our requirements, so you can have it." But meanwhile let us drag it out. And our argument is if between now and 1983 we have no benefit either of the power nor of the money and what we are saying is that we do not need the power we need the money. And that is the argument we have here and that is the argument we are presenting and that is the one it should be based on. I will leave the lawyers to give the legal arguments but that is our argument here and we know it, and my colleague from Burgeo-Bay d'Espoir who was at present there with the Premier of Quebec will also agree, we noted that the Premier of Quebec understood totally that there were windfall profits to be made by Hydro Quebec based on Churchill Falls power. He indicated that he understood and he indicated we must feel therefore a very bad position in front of him. That they are the people that are taking everything from this Province and he indicated that. He also indicated that he was concerned about the threat of trying to obtain the power in some other way. And I think that he did see the argument, he did see that something may happen, and therefore he was prepared to start negotiations or to start to try to work towards something. And probably my colleague from Burgeo Bay d'Espoir will probably expound on that side as well as his discussion with Premier Blakeney of Saskatchewan who did impose a tax collecting \$500 million of which part of it was appealed in the Supreme Court and which they have now retroactively got legislation ready to go back in again and to obtain that money. And we are talking about large sums of money and the difference between turning the Province around. I think that is the argument and I think that regardless of how long we spend at it it is an argument well worth following and I hope we can continue with it.

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

MR. SIMMONS: Mr. Chairman, I was out of the House for a while but I was listening to the argument put forward particularly by the

MR. SIMMONS: Minister of Justice and indeed took a few notes as he spoke. I listened also to the contributions made by the other gentlemen in this debate so far. I believe my colleague last night, my colleague from Eagle River, put forward quite clearly our position, our position that a licensing scheme or a resource tax of one form or another is the route to go as far as Churchill Falls is concerned. We are not suggesting it is an easy solution, we are not suggesting it is a solution not fraught with a lot of dangers and hurdles, we are not even saying that it will not take an awful lot of courage including a lot of moral courage, Mr. Chairman — that word has been battered around a bit this morning — a lot of moral courage to do what has to be done to get a more adequate return on a resource that is ours.

I want to address myself to a couple of points that have been raised first of all by the Minister of Justice. The breach of contract argument; Now, Mr. Chairman, we should agree that this is not a court of law. This is not a place where we should either, one, pose as lawyers, particularly if we are not. And even if we are, we should remember that we are in a very different forum, we are in the people's forum, we are not in a legalistic forum here at all, and if I had one complaint to make about the Minister of Justice it was the overdose of, I would presume, Latin jargon which he managed to inject into his dialogue, into his comments, because I for one am not at all conversant fully with English, let alone have to wrestle with the niceties of other languages and I must say he lost me at those points particularly when he switched languages and injected certain other little phrases that I am sure have some meaning in English. And it always dumfounds me why the lawyers have to keep proving their uniqueness by slipping in all those Latin terms when they should and could very easily give the English equivalents and help us poor mortals understand what it is they are trying to say.

MR. SIMMONS: But that aside, Mr. Chairman, it is not a court of law, it is not a place where we ought to get legalistic. I believe what we ought to do is talk from a policy standpoint, and the minister got on to that subject

MR. SIMMONS: towards the end of his comments, we ought to talk about it as a possible policy, and it is in that spirit that we have advanced it. It may well be unworkable. I am not prepared to say it is right now, but equally I am not prepared to stake my life on saying that it is definitely going to work. The discussions that I have had with a number of people, starting with my colleagues in caucus and with the lawyer in Labrador City to whom my friend from Eagle River has referred, Mr. Ed Hearn, those discussions which have included numerous conversations both in person and telephone with a number of people - a number of lawyers, a number of constitutional people - tell me that it is a course worth looking at more closely than we are able to do in this House. So our duty here, our firm duty here is to espouse the policy. And I was delighted to hear from the Minister of Mines and Energy his words in the last few minutes that he does not regard the idea with any degree of scorn. The impression was abroad that perhaps that is the way the government was viewing it, although in late weeks one could sense that people in government were beginning to look at it as a plausible possibility. There was some scorn earlier, and as my friend from Eagle River said last night, it is amazing who you can attract to a bandwagon even when it just begins to be a bandwagon. But that is another story. The fact of the matter is, Mr. Chairman, that the policy that we are advocating needs to be checked out in every detail. Every possible angle has to be gone over with a fine-toothed comb, because what is riding on this, Mr. Chairman, is the financial future security of this Province, and for that reason alone, Mr. Chairman, for that reason alone we ought to leave no stone unturned. Now I was a little concerned by what the Minister of Justice was reading into the record, and while he took caution at the beginning and the end of his remarks to say that it should not in future be prejudicial to any case the Province may advance on the subject, the fact is that the record will show that he has voiced publicly some fairly deep reservations on the subject. I find that a bit regrettable and perhaps it points to the constraints in which we operate here in that

MR. SIMMONS: once we get into public debates on these subjects we have a tendency to run the risk of prejudicing our case in the future.

Now, Mr. Chairman, the breach of contract argument - and I preambule again: I am not going to approach this as a lawyer because I am not a lawyer; I do not pretend to be one and I do not think I need be one in this particular forum because it is not a legalistic approach I want to take - but as I understand the function of a House of Assembly, of a Legislature, of a Parliament, the function of that House at any time includes the prerogative to in effect break contracts, if you want to be blunt and call it in those particular terms. I cite you an example, the case of Alberta. You go back a number of years in Alberta, they had a situation where there existed a number of lease agreements between the province on one hand and the producing oil companies on the other hand; a number of lease agreements, I would suggest, analogous for the purpose of my example to the lease agreement which pertains between this Parliament, this House, and CFLCo. Now I have not said I have examined the detail of the respective lease agreements and say that they parallel, and there may well be all kinds of differences; but again, you see, Mr. Chairman, now when I say to the Minister of Mines, if that is where we get tripped up in the legal side of it, at some point we advance it as a possible policy and then at some other point down the road we say to the lawyers, 'Okay, take the lease agreement of CFLCo and take the precedents which I am about to cite for Alberta, and see where there may be differences! The minister and I are not at all apart on that subject.

MR. PECKFORD: No, no.

MR. SIMMONS: That is exactly what I am saying.

MR. PECKFORD: Oh, yes -

MR. SIMMONS: Okay?

MR. PECKFORD: - I can find no argument with it. The question as I have already stated previously is that these things have been examined. You know, we have had legal opinion right across Canada, not

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MR. PECKFORD:

just in St. John's.

MR. DOODY:

That was the first approach.

MR. SIMMONS: Well, you see again, Mr. Chairman, we are saying to the minister that others of us have had legal opinion, too.

MR. PECKFORD: Right.

MR. SIMMONS: We have had legal opinion on this particular subject and -

MR. PECKFORD: I know. That is what it comes down to, you see.

MR. SIMMONS: - and the opinion I am coming to now is one that has been given to me by one of the, I would say one of the best sources in Canada on this particular subject.

Now, Mr. Chairman, in the case of Alberta they had a number of lease agreements between the Province and the producing companies. Those lease agreements provided, one, and obviously, a term to the lease, that the leases would run for x years to follow; and secondly, and significantly here, these lease agreements provided - and I mentioned oil just now, I should have said natural gas, not the oil companies, but the natural gas companies were involved in the other end - secondly, they provided that the production royalty on the gas would not exceed a certain maximum, x cents per thousand cubic feet, it was provided absolutely spelled out in the lease agreements with the Province of Alberta that the tax or the production royalty, call it what you like, would not exceed a certain maximum over the life of the lease.

MR. DOODY: That is the royalty.

MR. SIMMONS: Yes. Yes. Then, Mr. Chairman, the Province of Alberta introduced legislation into the -

MR. DOODY: Excuse me. That did not specifically exclude all charges, taxes, increases, rates and so on; it specifically said royalties.

MR. SIMMONS: Yes, I see what the minister is -

MR. DOODY: There is a huge difference in the two.

MR. PECKFORD: A big difference between this one here where it specifically says, a provision, does nothing else in it but say that.

MR. SIMMONS: Yes, I am aware. I am aware of what the ministers are alluding to that the particular lease agreement that we are dealing with, the CFLCo lease, spells out, as the Minister of Justice has pointed out again this morning, that the various taxes shall not be exceeded, shall not be increased and so on and so forth. I am saying to the Committee that although in the Alberta case it applied only to one royalty, the precedent nevertheless is there, if you will allow me to finish the example. The precedent is there that whereas on the one hand the lease provided no increase over the life of the lease, the fact of the matter was that on a given day legislation was introduced which wiped out, in effect, wiped out the leases, well did wipe out the leases. And not only that but I had a figure here - it is not here now - it seems to me at that particular time tripled the royalty that at that particular time was a maximum under the lease agreements.

Mr. Chairman, I think that particular example is pertinent, because you have a case in Canada in the last few years, the last eight or ten years, a case where a provincial parliament, a provincial legislature, has taken a lease agreement, treated it under legislation, indeed wiped it out under legislation, as is its right, Mr. Chairman, as is its rights as a Parliament, as a House of Assembly.

You see, Mr. Chairman, the strength of either approach that we are advocating the licencing scheme or the direct taxation, the strength of either is that it does not involve a disruption of the contract in the normal sense of the term. It does not involve the disruption unless of course you abrogate away the right of a parliament to enact laws; if you do that then you hem yourself in in a good many other areas -

MR. HICKMAN: Under our laws today, the statutory laws past here on contractual relations -

MR. PECKFORD: That is right. It says exactly that.

MR. HICKMAN: - we agreed that we would not increase existing taxes, charges, rentals, anything which comes within the powers of the Provincial Legislature.

MR. SIMMONS: Equally Alberta agreed to the same thing at the time the leases -

MR. HICKMAN: No, they did not.

MR. SIMMONS: - at the time the leases, Mr. Chairman, were agreed to, one of the lease provisions included a specification of a maximum royalty which could not be exceeded during the life of the agreement.

MR. DOODY: (Inaudible) royalty.

MR. PECKFORD: Yes, but they did not specifically verbalize.

MR. SIMMONS: They wiped them out completely.

You see, Mr. Chairman, this is where the ground rule which I attempted to establish in the first sentence or two of my comments here this morning gets violated. because we get into the argument which I am not competent

MR. SIMMONS:
in this House -

to pursue. And perhaps most of us

MR. PECKFORD:

Exactly.

MR. SIMMONS:

- in our capacity as members, and as
it happens, coincidentally, there are some lawyers in the House -

MR. STRACHAN:

- As far as the legality is concerned -

MR. SIMMONS:

That is right.

MR. STRACHAN:

- not policy.

MR. SIMMONS:

And I think we do the whole proposal a
very grave disservice -

MR. PECKFORD:

That is, you know, you are splitting hairs
on that one. The policy is based on what the legal thing - you cannot -

MR. SIMMONS:

- if we get into the exchange about 'it
is so, it is not so' because you cannot win on that one, and legal
arguments and legal opinions are not evolved in that particular manner,
at least should not be involved in this particular atmosphere.

MR. PECKFORD:

That is right.

MR. DOODY:

You will find a major constraint when
you are -

MR. SIMMONS:

I am sorry?

MR. DOODY:

You will find that legal advice is a major
constraint to policy when you are in government.

MR. SIMMONS:

Yes, and Mr. Chairman - Mr. Chairman -
Mr. Chairman, to the Minister of Finance there is nobody here advocating
that we fly in the face of legal advice, nobody here at all saying that.
What we are saying is that here is a possible alternative approach and we
do not think that approach has been checked out very adequately. Because
the information we are getting - now perhaps we are just going to all the
different people. But, Mr. Chairman, when I talk - and I was hoping that my
colleague - my friend from Mount Scio would be here today because he and I
during our visit to Saskatchewan had the privilege of sitting down for an
hour or so with Mr. Blakeney, the Saskatchewan premier, I had found out

MR. SIMMONS: earlier in Halifax during the APEC meeting last Fall that he had some rather particular interest in the Churchill Falls issue and was amazingly conversant on the subject. When I say 'amazingly conversant' I mean having in mind that he is a Western premier and he must have other things on his mind. But during a lull in the APEC meetings for an hour or so we were able to talk about this. And I was encouraged by his rather full - no, not full, but rather wide knowledge of the Churchill Falls issue. And at that time he did indicate that if ever I were out West we might pursue the discussion further. And so we did. And with the member for Mount Scio (Dr. Winsor) we sat down for an hour. And now in fairness to the Saskatchewan premier, of course, he has not studied this in the detail that the minister's advisers have studied at all.

MR. HICKMAN: He is totally unaware of the legislative responsibilities we have under existing legislation.

MR. SIMMONS: Of course, he may well be.

MR. HICKMAN: On the other hand, he is very conscious, very anxious that all the provinces fall in behind him with respect to the Supreme Court of Canada case and intervene. And you know, it is -

MR. PECKFORD: He has his own act to play, I guess.

MR. HICKMAN: I have seen some of the -

MR. SIMMONS: You know, Mr. Chairman, there is nothing that amazes me more than the manifestation of something that just happened here a moment ago: that the Minister of Justice, the Minister of Mines and Energy by inference, they can assign motives to everybody else but do not dare and assign one motive to them. They are the only pure people. They are the only people who take advice at face value.

MR. PECKFORD: I apologize.

MR. SIMMONS: The Premier of Saskatchewan has motives when he talks about something.

MR. HICKMAN: He certainly has.

MR. SIMMONS: I have motives when I talk about something.

MR. PECKFORD: And we have.

MR. SIMMONS: But the purest, Mr. Chairman - no, they hear it just like it is. If black is black that is the way they hear it and it can never be anything else.

MR. PECKFORD: No.

MR. SIMMONS: You see, that is what always puzzles me about this particular crowd, Mr. Chairman. None is so blind -

MR. PECKFORD: What do you mean?

MR. SIMMONS: None is so blind as he who will not see. And that is what bothers me about this. Are we really getting through, Mr. Chairman? How can you talk to a closed mind?

MR. HICKMAN: The Premier of Saskatchewan, who was my seat mate for three years and who is a very close personal friend of mine, has a very commendable motive. He is presently fighting a very -

MR. STRACHAN: - join him in the Supreme Court case -

MR. HICKMAN: - serious battle in the Courts of this land.

MR. STRACHAN: - if it benefits this Province.

MR. HICKMAN: He is trying, as he should, to persuade the attorneys-general of the other nine provinces - he is doing this through his attorney-general - to intervene.

MR. STRACHAN: For what?

MR. HICKMAN: And - what? He has to convince us - and I understand he has not succeeded in convincing very many as yet - that the issues in that case have ramifications beyond Saskatchewan. If they do, we most assuredly will intervene. As of now we have indicated

that we will most definitely have a watching brief when the matter -

MR. SMALLWOOD: Most definitely?

MR. HICKMAN: We will most definitely have a watching brief before the Supreme Court of Canada when the potash case comes up. So you know, motives can be very commendable and I know of no more zealous defender of his province than my dear friend, Allan Blakeney. And I would not want the record to show that I was attributing motives to him that were anything but commendable. But the point I am making is that the hon.

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MR. HICKMAN: gentleman from Burgeo - Bay d'Espoir
(Mr. Simmons) should not launch forth into the deep unless he knows where
there is bottom.

MR. SIMMONS: Unless he knows what?

MR. HICKMAN: Where to find bottom.

MR. SIMMONS: Yes, well, Mr. Chairman -

MR. SMALLWOOD: Is the minister trying to stop all
discussion in this House?

MR. STRACHAN: Until 1983.

AN HON. MEMBER: It shows.

MR. SIMMONS: You see, Mr. Chairman, the Minister of Mines stands, and I accept his rather gracious condescension when he says he does not scorn, but the Minister of Justice does scorn or he will not listen.

MR. HICKMAN: Scorn what? Scorn who? What is he talking about now?

MR. SIMMONS: I may not know where the bottome, Mr. Chairman, is but at least I am still looking.

MR. HICKMAN: That is right.

MR. SIMMONS: At least I am still looking and some of them have closed their eyes.

MR. PECKFORD: When others have found It.

MR. HICKMAN: That is right.

MR. SIMMONS: They have probably struck their head on the bottom already if one would judge by the utterances that are resulting.

MR. HICKMAN: That means that we have found bottom.

MR. RIDEOUT: But you do not know what to do with it, though.

MR. SIMMONS: Yes, accidentally they found bottom, Mr. Chairman.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIPMAN: Order, please!

MR. SIMMONS: Mr. Chairman, I do not particularly believe we are dealing either with a breach of contract argument. I would rather for the lawyers to tell us, the lawyers outside this House. The Minister of Justice has always been very hesitant to give legal opinions until this morning, Mr. Chairman. He has avoided quite regularly, he has refused to give legal opinions because he says it is not in his capacity to do so here. This morning he has launched into some, albeit some off-the-cuff, off-the-top-of-his - head opinions and I would much prefer, Mr. Chairman, I would much prefer Mr. Chairman -

MR. PECKFORD: That is not fair.

MR. SIMMONS: Well, the Minister of Justice said some things that are not particularly fair either, so if we want to play that game

MR. SIMMONS: we can, you know.

So, Mr. Chairman, this is not, I repeat this is not a place to compare with on legalities because I will be the first to lose on that particular one. I do not mind admitting - because I am not here, I was not elected as a lawyer and this is not a place for a person to parade his wits as a lawyer. If we have to consult lawyers on this subjects, which we must and which we have, we will do it in the proper place and time. But, Mr. Chairman, I believe it needs to be said again and again and again that the breach of contract argument is a red herring. It is a red herring and it is nothing more than a red herring. And secondly, Mr. Chairman, talking about red herring another great big red herring is this one about the export tax. We are not talking about an export tax.

MR. HICKMAN: We are talking about a tax on a product that is to be exported.

MR. SIMMONS: We are talking a tax on a product that is to be generated. All hydro products produced in the Province, all hydro - this is what Alberta has done on oil - all hydro produced in the Province would be taxed equally. When I say equally I mean at the same rate, at the same rate, and then of course as Alberta does with its domestic oil consumers, or domestic gas consumers -

MR. DOODY: A tax of general application.

MR. SIMMONS: That is right, a tax of general application. Then as Alberta does with its consumers, its domestic consumers, it gives a rebate which in effect undoes the paying of the tax of general application and in effect collects the tax where it was intended to be collected in the first place. Put it is not in any sense of the term a resource tax. Now the Minister of Justice, Mr. Chairman, has pointed two or three times to the tax which is in dispute and which is in the Supreme Court. Now he and I differ on a matter of information and I would like to have his ear just for a second. He and I differ on a matter of information. My information and my notes as a result of my meeting with Mr. Blakeney,

MR. SIMMONS: the Premier of Saskatchewan, is that both courts in Saskatchewan—and I am just saying that we differ on a matter of information, my information from my notes with Mr. Blakeney is that both courts, both the trial and the appeal court in Saskatchewan upheld the decision and the real concern now is that one of the people on the bench of the Supreme Court made some rather unusual utterances during the hearing and there is some concern in Saskatchewan as a result that the Supreme Court may rule differently, may overturn a decision of the other two court, the trial court and upheld by the appeal court.

MR. HICKMAN: They do not have —

MR. SIMMONS: Well that needs to be checked out. We differ on —

MR. HICKMAN: That is not very relevant. The important thing is from the point of view of this argument is that the court of appeal of Saskatchewan, which is the higher court —

MR. SIMMONS: Upheld.

MR. HICKMAN: — upheld the right of the Province.

MR. SIMMONS: That is right.

MR. HICKMAN: It is now being appealed to the Supreme Court of Canada and the significant thing is in this case, as I pointed out earlier, which has not transpired to my knowledge in other constitutional cases, is that the Government of Canada, without being invited, came in on the side of the taxpayer, the potash companies, and intervened.

MR. SIMMONS: As it happened on the side of the taxpayer, but for its own reason.

MR. DOODY: Now do not assign motives.

MR. SIMMONS: No. No. No. No. But what I am saying is as it happened it wound up on the side of the taxpayer of course but it came in for its own constitutional reasons because as you are finding

MR. SIMMONS: With your gas and oil, they are out to protect what they feel to be their own constitutional rights. And one would be very surprised if they did not intervene on that particular matter.

MR. HICKMAN: But they have never intervened on constitutional issues before at the trial division unless they were invited so to do and that is what has got Mr. Romanow upset.

MR. CHAIRMAN: Order, please! It now being one o'clock I now leave the Chair until three.

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
TUESDAY, MAY 31, 1977

The Committee resumed at 3:00 P.M.

Mr. Chairman in the Chair.

MR. CHAIRMAN: Order, please!

The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, I had my first instalment this morning in this great energy debate, so-called, that is taking place in the House at the present time. And now, Sir, I want to stick another little dart into the administration, the crowd that said they would not make any political appointments when they were campaigning in this Province, when they used to come down so hard on the former administration for making political appointments to the Power Commission, this lily white and Simon pure honourable crowd were going to be above all that, there was going to be no political appointments.

Well I asked a question of the minister recently about the names of the current directors of the Churchill Falls Corporation and I do not know, Sir, if the hon. gentleman who used to sit in this House, representing Placentia East on the government side, the hon. Mr. Fintan J. Aylward, I do not know if you would call him a Tory or not, Sir. One time he was a Liberal and then he crossed over and he got elected as a Tory. So I do not know if he would fit under the classification of a political appointee or not, Sir. Mr. Fintan J. Aylward.

MR. DOODY: Political but not partisan.

MR. NEARY: Not partisan - I would be inclined to think that probably there was a little tinge of politics involved in that appointment. Now I could be naive, now I could be wrong, but somehow or other, Mr. Chairman, there may be a little twinge of politics from an hon. group of gentlemen who were going to be above all this; there was going to be no political appointments, and in that little group of select people we find the name of none other than Mr. Fintan J. Aylward.

Then, Mr. Chairman, you know I am not a suspicious

MR. NEARY: man by nature, Sir, far from it. There used to be a gentleman in this House one time by the name of J. J. Greene, he used to be Leader of Her Majesty's Opposition at that time, James J. Greene, Leader of Her Majesty's Opposition, Tory, Progressive Conservative. Now his name, I am sure, Sir, just accidentally - the administration really did not mean to make a political appointment! - the name just accidentally slipped in there of Mr. J. J. Greene; no politics, Mr. Chairman, intended at all and so I give the administration full marks for carrying out that promise that they made the people of this Province.

And then I find a very close associate and buddy of the former minister of that department, who campaigned for the hon. John C. Crosbie, late, deceased. That gentleman, when he was minister, managed to drag in by the slack of the pants a gentleman by the name of P. J. Gardiner. And that is not a political appointment, Sir. No politics involved in that at all.

AN HON MEMBER: Ability.

MR. NEARY: Ability. The man was put in because of his ability. I presume it was his ability in the lumber business, working with Mr. Chester Dawe that was where he got his qualifications to serve on the Newfoundland and Labrador Hydro Corporation, got it right down here at the overpass out in Chester Dawe's backyard doling out lumber to people who want to build homes.

MR. SMALLWOOD: Who was that?

MR. NEARY: Mr. P. J. Gardiner, Peter Gardiner. This was the crowd who were not going to make any political appointments. I have riddled off three now, three - Fintan J. Aylward, P. J. Gardiner and Mr. J. J. Greene, former Leader of the Opposition. My friend will remember him well. But this is the crowd that said they would not become involved in political appointments, that it was only the former Premier and that administration who made political appointments. Do you remember the old

Mr. Neary:

Power Commission, how they used to abuse the hon. the former Premier for making appointments? Well, there are three thrown in there. And then to boot we have the great and fabulous Doctor A. A. Bruneau of Memorial University, who has suddenly become a friend of the administration, who gets in and horns his way, worms his way in on just about everything that is going on as far as this administration is concerned. And I am told, I hope it is not true, that the gentleman has business interests over in Nova Scotia in Halifax. I hope that is not true. I hope the minister will check that out before making any more appointments to the great Doctor Angus Bruneau make sure that there is no conflict of interest involved in that one.

MR. MORGAN: What is so wrong with his business interest in Halifax?

MR. NEARY: I beg your pardon? .

MR. MORGAN: What is so wrong with his business interest in Halifax?

MR. NEARY: It is all right to have a business as long it does not conflict -

MR. MORGAN: Oh yes -

MR. NEARY: - as long as it does not conflict with the organization to which the gentleman is being appointed, and the gentleman has found - his name has found its way now onto a number of Crown corporations and government agencies and government operated businesses.

Now another gripe I have with the minister is this granting of a \$5,000 grant to Canadian Arctic Resources Committee, whose address is 40 Elgin Street in Ottawa, and that \$5,000 grant was to assist in financing its 1975 activities. This is the \$5,000 that was questioned by the Auditor General in the second last report of the Auditor General. And the minister tells us that CARC is an independent citizens' organization concerned about the future of Canada's North. It has a field worker programme which is providing highly qualified personnel to assist Northern native peoples in adapting to the changes which confront them daily. Well, what benefit was that to this Province? Where there any benefits

Mr. Neary:

for that \$5,000 or did the minister feel compelled that he must lash out a little bit of charity to this power group, to this little group?

AN HON. MEMBER: The minister has a big heart. He has a big heart.

MR. NEARY: Yes, the minister has a big heart. Well certainly it is \$5,000 of the taxpayers' money. And I would like to see one thread of evidence of any benefits that accrue to this Province as a result of that grant that was questioned by the Auditor General as being paid out without authority of this House.

And, Mr. Chairman, I want to come back before I run out of time this time, to my question that I put to the Minister of Mines and Energy now for two weeks past in connection, Sir, with an alleged bus service that is provided to the office staff of Newfoundland Hydro to transport them from downtown St. John's or from down here by the Philip Building into the Centrex Building in the Donovans Industrial Park. Up to now the minister has refused to give the House the information that I asked. I still do not know, Mr. Chairman, if there is a special bus service provided out of the public purse to ferry the Hydro staff from St. John's to Donovans Industrial Park. And if there is, I want to know what obligation there is on the part of the administration, on the part of the public, to provide free transportation for one group, who are well paid workers, when the average worker, Sir, is not even allowed to make a claim for transportation under his income tax. Your Honour himself has a number of workers, a number of people who commute back and forth as far away as Harbour Grace, Island Cove, and all the other communities in and surrounding my hon. friend's district and they cannot even make a claim on their income tax for transportation. And yet, I am told - and I still have no confirmation; I certainly have no denial of it - that the Newfoundland Hydro workers, when the Newfoundland Hydro rented space down in the Donovans Industrial Park,

MR. NEARY: that the Newfoundland Hydro provided them with free transportation, I am told, at an expense of \$30,000 a year. No wonder they are running \$2.5 million in the red, Sir, in the hole. Why, the way that crowd are spending money, the extravagance and the waste of Newfoundland Hydro is scandalous. You can hardly go across this Province, Sir, you cannot get near a restaurant or a night club, especially on a weekend, when she is blocked off with trucks that are owned with the insignia on the side, Newfoundland Hydro. You cannot get in a school yard, there are so many of them blocked off. They have got the place blocked off. If they are not government cars they are Newfoundland Hydro trucks and cars. Newfoundland Hydro is providing practically free transportation for all its workers, and my hon. friend, the Minister of Finance, I think is well aware of what I am talking about because I drop off my kids and pick them up every day at school, but apart from that I go across this Island quite often since I started to represent the district of LaPoile. And you will find them everywhere, parked in front of restaurants and clubs and taverns and bistros. The trucks, Sir, and the cars should be brought home and put in the yard in the evening. Never mind having them out chaffering people back and forth to night-clubs. This is the crowd that is looking for more money from the consumers.

MR. SMELLWOOD: Would the hon. member yield? Can he tell me what difference there is if any in the way vehicles belonging to the government and operated directly by the government, for example, the car pool, and the cars owned by Crown corporations, are treated? Is there any difference or are they all treated by the same rules?

MR. NEARY: No, Sir, they are treated by different rules because the cars and the trucks that come under Newfoundland Hydro are treated much differently than the ones that come under the Department of Public Works and Services. They are under a different

MR. NEARY: head and they have a different philosophy, different ideology, different freedom. They all have credit cards and they can go out and almost do what they like. Now, my hon. friend, I have put a number of questions to the administration in this session of the House on the Order Paper. One of the questions that I asked is how many vehicles are authorized to transport children back and forth to school?

MR. HOUSE: None.

MR. NEARY: None, Well, then my hon. friend better come with me this evening and tomorrow evening and every day right up to school closes in the morning and in the evening. I will show the hon. gentleman at least one, that the hon. gentleman is authorized to transport kids back and forth to school. The hon. gentleman does not believe me. He had better look into it. It has been going on now for at least two years.

Mr. Chairman, these pickup trucks and these vehicles should be put in the yard and the credit cards taken away from the people that are misusing and abusing these vehicles. Not all of them are being - I do not want to tar everybody with the same brush, Sir. Not all of them are being abused, but a good many are. And it is driving up the cost. That is why this crowd are back to Newfoundland Light and Power forcing increases on the Newfoundland Light and Power that have to be passed on to the consumers of electricity in this province. The minister may shrug it off and say it is only a trivial matter. But, Sir, you take the cost of the Churchill Falls jet, which I estimate to be \$500,000 a year. the cost of these vehicles. the cost of operating an office up in Montreal, the cost of providing free transportation for people, office workers who are well paid from St. John's just a couple of miles down here on the road down to Donovans Industrial Park to give them preferential treatment over all other civil servants and other workers in this province, put it all together, Sir, and it comes to \$1 million or \$2 million

MR. NEARY: a year and that is not peanuts. As the Americans would say, 'that ain't hay!' Yet we will allow it to go on while we are asking the ordinary people to make sacrifices. We are asking the ordinary people to tighten their belts, pay more for their electricity, sock it to the taxpayers, up taxes, up the price of beer, up the price of cigarettes, up the price of electricity, up the price of everything, gasoline, diesel fuel, heating

Mr. Neary:

fuel, stove oil, and then allow this kind of extravagance and waste to go on right under our very noses. I hope the minister will make a note of that and put a stop to it. And then Newfoundland Hydro goes out and hires a security group - I put a question on the Order Paper again - the name of the firm and the individual providing security services for the Newfoundland Hydro Development Corporation. And I am told - here is another cost, an additional cost caused by a move to Donovans Industrial Park, to the Centrex Building, "effective with the location of some of its staff to the Centrex Building in Donovans Park, Newfoundland and Labrador Hydro's premises in the Centrex Building have been provided with periodic checks after working hours by Central Investigation and Security Agency Limited. Newfoundland and Labrador Hydro," it says here, "pays \$40 monthly," \$40 monthly? I mean, the minister has got to be kidding! \$40 monthly? It is not a misprint, a typographical error? \$40 monthly for the services provided by Central Investigation and Security Agency Limited. "Newfoundland and Labrador has no contractual arrangement with Central Investigation and Security Limited, but is merely continuing on an interim basis a service which the previous tenant had arranged for which for he had carried out by Central Investigating. The security services for Newfoundland and Labrador Hydro's buildings and property is provided by corporation employees."

But why were not the other groups who provide security services in this Province given a crack at this? Why were they not? Why were this crowd favoured over everybody else? And how long will they be there before public tenders are called, if they are ever called? And this is the same crowd again that were not going to do anything thing without calling public tenders.

AN HON. MEMBER: We have not got a contract for -

MR. NEARY: Mr. Chairman, I do not care if they are only there for one hour, one minute, one week, one month, one year, then the other security people should get a crack at it. Maybe the minister could

Mr. Neary:

save a few dollars by asking, inquiring around the other security people to see if somebody could do it cheaper. That is the point I am making. How does the minister know he is getting the best deal for the public money? It is the public's money. It is not the minister's money that is being spent. And the minister has no right to go out and favour one group over another. There are a number of security companies that have sprung up in this Province over the last few years and I am sure they would all welcome a crack at this piece of business.

I would like to tell the minister why, maybe I will at a later date, why this crowd were favoured over or were given it without inviting public tenders or calling public tenders.

And what about that office in Montreal, where the crowd of high lucky-mucks of Upper Canadians have refused to come into Newfoundland. And we have been told now for three years by this government that the Montreal office is going to be moved to St. John's in the next few months. I have been put off and pawnd off now long enough by this administration. The last word we had only three have agreed to come down to St. John's, the rest have refused to come and are causing problems and a delay in moving the office. Well I would say, Tough for them.

MR. PECKFORD: There is no delay in moving the office -

MR. NEARY: Mr. -

MR. SMALLWOOD: What was that term?

MR. NEARY: Is it not terrible, Sir, is it not terrible! They turn up their noses, snub their noses at the government, at the very thought of coming down and living and working in St. John's for a company that is owned and operated by the Newfoundland Government, by the people of this Province. They say, Go jump in Windsor Lake, we are not going down. And the office now is being delayed for three years from being moved to this Province. Is it not time, Mr. Chairman, is it not time the minister took the bull by the horns?

MR. NEARY:

If this crowd want to enjoy their posh offices up in Montreal, and the excellent new restaurants that they have in that city and the bistros and the bright lights of Montreal, well let them stay there. Well let us close down that office. It is costing Newfoundland Hydro again a substantial amount of money.

MR. CHAIRMAN (MR. YOUNG): Order, please! The hon. member's time has terminated.

MR. NEARY: I will have the third installment later on, Mr. Chairman.

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

MR. SIMMONS: Mr. Chairman, without wanting to interrupt the instalment plan which is working to my right, I would beg the indulgence of the committee to reflect back on a subject which we feel of even more importance than the issues that have been raised by the gentleman from LaPoile in the past few minutes. But we feel it is a central issue in this entire committee proceeding - not only with respect to this department but all the departments that we have seen here, we believe the central issue from a financial standpoint and from a policy standpoint is the new direction that we are proposing with respect to Churchill Falls power. And I and my colleague from Eagle River, and others I hope, want to develop the argument a little further during the afternoon and we would like very much to get on to the heads, but the pattern in the committee has been that we are probably not going to get to these heads anyway so the least we can do is take as full advantage as possible of the next couple of hours remaining to us before the axe falls, the seventy-five hour guillotine rule comes into effect at twenty-five minutes past the hour of five o'clock.

In passing, let us note again that it is a disgraceful procedure, and the limitation of seventy-five hours is placing a lot of constraints on this committee and on the House that should not be there; the estimates are not getting as full and complete an airing as would be the case. One could swallow the pill of the seventy-five hours, Mr. Chairman, if the government would call the budget debate before the estimates and then many of the things that were obliged to say in committee could be said in the budget debate. Indeed I would go so far as to say that there ought to be a hard and fast rule, a standing order of this House requiring the Government House Leader to call the budget debate and to conclude - to see that the budget debate is concluded before we get into consideration of the individual heads, the estimates of the several departments.

Mr. Chairman, on to the Churchill Falls issue once again: This

MR. SIMMONS: proposal to tax either by a licensing scheme or by some form of direct taxation should not be construed as an export tax, obviously if it is that, if it is framed in that way it would be outright unconstitutional; it would not have a chance of flying at all and nor should it because we would then be as a parliament outside our taxing jurisdiction, outside our powers as a House of Assembly.

What we are proposing is a direct domestic tax, a tax within the Province. And for that reason, Mr. Chairman, it needs to be reiterated that the tax, whatever its actual form, would have to apply as it does in the case of the gas royalty in BC, the natural gas royalty, as it does in the case of the natural gas royalty in Alberta, the oil in Alberta, the oil royalty, as it does in the case of the potash tax in Saskatchewan, as it does in the case of the oil tax in Saskatchewan. Five clear precedents in the three Western provinces, Mr. Chairman, a natural gas royalty in British Columbia, a gas tax, natural gas, in Alberta, an oil royalty in Alberta, an oil royalty in Saskatchewan and a potash tax in Saskatchewanian, five clear precedents of direct taxation applied to a resource.

MR. PECKFORD: They said that they had done that but they have not done it, having the same kind of reviews in or otherwise than we have, That is the kernel of the question.

MR. SIMMONS: Mr. Chairman, one recognizes, I recognize that the conditions which apply are going to be different across the country, but I am not one, Mr. Chairman, and I am surprised to find that the Minister of Mines and Energy is one, I am not one to feel, to say, or to think it looks difficult, therefore it cannot be done. Of course, it is difficult it is a very complicated, complex issue that we are discussing here.

MR. PECKFORD: Do not pigeonhole me into a -

MR. SIMMONS: Well, the minister is pigeonholing himself very quickly,

MR. SIMMONS:

actually much more quickly than I would have thought. I would have given him much more credit on this particular subject. He is managing to pigeonhole himself, to corner himself on this one all too quickly because one of the concerns I had this morning when the Minister of Justice spoke is that he was somewhat pigeonholing, cornering the government on this issue, indeed prejudicing

MR. SIMMONS: the case in terms of its future ramifications,

And I will say now that the Minister will rue the day he stood here and said what he said this morning, because it will be read back at him, not only by politicians but it will be read back in courts of law over the next decade, the kind of thing that the Minister said here this morning, the Minister of Justice. The only thing that will save us, Mr. Chairman, the only thing that will save us is that Minister then will not be a Minister of the Crown, and the Government then in office - a Liberal Government - will have the policy that we are now advocating. We will pursue that policy. We will have the extra hurdle to get over, the hurdle that was created by the words read into the record this morning by the Minister of Justice, and he will live, Mr. Chairman, to rue this day when he read that into the record. It will be to his discredit that he did it because he has somewhat weakened the case which does exist for this particular approach. He has weakened the case, and I say that that is said that someone who ought to have the financial and policy interest of this Province at heart would have done what he did here today, for whatever reason I do not know. I get the feeling sometimes, Mr. Chairman, that the only reason is to be against something. I get the feeling, Mr. Chairman, that if we rose in Committee and moved that the House record that it was now daylight outdoors, that the Minister of Justice and the Minister of Mines, in particular, would see fit to oppose the concept expressed in the motion.

Now, Mr. Chairman, as in the case of the five taxes I have mentioned, it is not an export tax we are talking about. Much has been said today in Committee, Mr. Chairman, about the case of the tax in Saskatchewan which is in court and which is now before the Supreme Court awaiting a ruling. But, Mr. Chairman, in addition to the two Saskatchewan taxes, the oil and the potash tax - one which is about to begin a lengthy court case and the other which has gone through a lengthy court case and is awaiting a ruling -

MR. SIMMONS: in addition to these two, Mr. Chairman, there are three other clear precedents, one in British Columbia and two in Alberta, where direct taxes, direct royalties, resource taxes have been in place for a number of years, where hundreds of millions of dollars have been collected using these taxes as the instrument of collection, and which, I submit, Mr. Chairman, are clear precedents that we ought to be looking at before we dismiss outright that we are ever to be orphans of Quebec, that we are always going to be hewers of wood and drawers of water, that somehow we should get our jollies out of lamenting the past instead of trying to undo it somewhat. I am sick and tired, Mr. Chairman, sick and tired of people who are experts at the art of telling you why something cannot be done. It is so easy, it is so easy, Mr. Chairman, to mouth reasons why you cannot do something. It is an age old exercise. One can do it sitting down. It is the favourite armchair sport of millions of people to say, "I told you so, it cannot be done, it will not work;" because the odds are that if enough people can be commandeered into thinking that way that it will not work, and the doomsayers will be right. So, it is a favourite sport of a lot of people, but I am sick and tired of the mutterings of those people who are more interested in telling you the reasons why it cannot be done instead of joining cause with you and saying, "Perhaps it can be done, just perhaps it might work, just perhaps the kind of financial security they have in British Columbia largely because of the gas royalty could be ours here, just perhaps the financial security they have in Alberta because of gas royalties and oil royalties could be ours here". I wish we had that attitude prevailing more often in our discussions both in this House and around this Province.

Is it any wonder, Mr. Chairman, that the people of this Province are so despairing, have lost faith almost in their ability as a people? No doubt they have lost faith in their Government. That is an understatement. That goes without saying.

MR. SIMMONS:

That was clearly evident many months before
now.

Now, Mr. Chairman, I would like to address
myself to the subject of the effect of the proposed tax on the bond
market. The fear has been raised, the argument has been put that
somehow we would jeopardize the bond market situation. Mr. Chairman,
I am far from an expert when it comes to bond market decisions,

Mr. Simmons:

of how they are made or why they are made. One thing I know and know because it is clearly very, very simple, as simple, as plain as the nose on your face, and that is finally that the men in the bond market behave on their guesstimations, their educated guesses, their prognostications of what is down the road, what the likelihood of securing the loan or the bond the issue is. They behave in future terms. And I do not think, Mr. Chairman, we should get dragged aside at all for one fraction of a second about this fear, about what would happen if, what would happen if. I would suggest, Mr. chairman, that if we could put ourselves by whatever means into a situation where we were more financially, more able to pay, I think we would have people in New York who would be a lot more willing to talk to us than they are today.

Any jurisdiction, be it a bond market jurisdiction, any jurisdiction, any group of men who understand the realities of government recognize that the least you can expect a parliament to do is exercise its rights and its responsibilities as a parliament. And every contract that is signed, every agreement that is entered into is always subject to the possibility of change at some future time. That is the very essence of parliament, that is what it is all about.

Now there are those who stand and attempt to pigeonhole me on that particular issue. Of course, we must do that responsibly. Of course, we must change our laws having due regard for the consequences of the changes being contemplated or exercised, being implemented.

But, Mr. Chairman, I submit that the talk, the objection, the objection we most frequently hear, namely that the Province's standing in the bond market would be jeopardized, I believe that is another of the series of red herrings that we have been citing. The red herring of the bond market scare, the red herring of the

Mr. Simmons:

export tax, the red herring of the breach of contract. I would rather hear a dialogue, Mr. Chairman, on what the possibilities are for this particular form of solution, this particular tax or taxes. I recognize that the proposal here is so complex, so loaded that we will set off the biggest public row in Canada in a century, the biggest row involving two provinces that this country has ever seen. We have never seen the like of it before in terms of the rhetoric you will hear, in terms of the loudness of the debate, and in terms of the complexity of the discussion and of the argument. But that alone, Mr. Chairman, is not sufficient reason to shy away from what is clearly without a doubt our most promising option as a Province, a most promising option financially, the most promising option in terms of policy direction and, I believe, the most promising option in terms of its ability to once again restore the morale of the people, whose morale is all but destroyed by the clear lack of get up and go, the clear lack of gumption of this particular government to do anything except shelve the issue.

Now, Mr. Chairman, the Minister of Justice is good at reminding us that an issue is in the court. And that somehow is suppose to tongue-tie you and it is suppose to get you to shy away from the issue altogether. Well, I suppose there is no great crime in commenting on why the government put it in court. That is clearly a political comment, that is presently a

MR. SIMMONS: legal one. And I have been convinced from the very beginning that the government's action in putting it in Court was a very narrow political decision and had nothing to do with seeking final solutions or outcomes at all. I believe the options were considered. Most of them were backed away from and the one that was selected was not selected for outcome. It was selected for its scapegoat value because it effectively put on ice, at least this was the thought at the time, it effectively appeared to put on ice the entire argument of Churchill Falls. One could talk for some time about what we really get, even if the Court interprets in our favour - we get some more power in 1982 or 1983.

MR. ROBERTS: If it is economically feasible -

MR. SIMMONS: That is right. Talk about the ifs in the Tax proposal and add them up against the ifs in the Court proposal, the Court route, and I would suggest you will be toting a greater number of ifs in the latter case, the case of the Court route.

Mr. Chairman, I just want, before cluing up in the next two or three minutes, to lay on the committee one thought which is not directly related to the subject of resource tax, but a thought that has not been mentioned, I believe, in committee. It might have the effect of - I will mention it for the record. We do not have time to pursue it right now. Away from the resource tax altogether, but speaking with the subject of Churchill Falls power and the dilemma that we continue to wrestle with there, I would like to raise the question of markets for Churchill Falls power. In view of the minute or so remaining to me, let me quickly cover this one. Unless we can achieve the so-called Anglo-Saxon route, the geography of our country is such that we will always be dealing with Quebec, either as a province of Canada, or as a separate jurisdiction politically. But we will always be dealing with that geographic mass now known as Quebec if we want to get our hydro to market; that is, assuming that we do not go the Anglo-Saxon route. For that reason of course, the other option that always must be under very active exploration at all times by any government in this Province is the whole question of transmission of power from Labrador through Quebec to a market either

MR. SIMMONS: in some other part of Canada or in the United States. And we must leave no stone unturned whatsoever in exploring all the options there.

AN HON. MEMBER: Or here.

MR. SIMMONS: And the National Energy Board Act, Mr. Chairman, has some things to say on this particular subject, which I believe are of application - are of pertinence to our discussion here.

MR. PECKFORD: The BNA Act, too.

MR. SIMMONS: And the BNA Act, of course. But in particular, chapter six of the National Energy Board Act makes provision for transmission across provincial boundaries as it relates to pipelines. And there are clear precedents in Western Canada as it relates to pipelines, not as it relates to hydro. Now here is the significant twist. The National Energy Board Act makes provision for international power lines, not interprovincial. It makes provision for pipelines across provincial boundaries - hydro lines across international boundaries. Now if one would permit a facetious comment, I have probably just given the best argument for we in Newfoundland working for a separate Quebec. Seriously, I believe it goes without saying that the spirit of the National Energy Board Act was clearly to take care of an existing situation, namely, the pipeline situation in Western Canada. And either through an amendment of the act in the first case, which would have to be done through the federal parliament, obviously, or through an interpretation of the section providing for international power lines, a broad interpretation to include, obviously, the writers, the drafters of the legislation intended to provide for international power lines, they could be argued, included or taken for granted that it could cross provincial boundaries. But that is again a matter of interpretation and a matter of some deliberation. But it is another thought that we ought to be exploring as an option. The one that I am most married to at this particular time

MR. SIMMONS: is the resource tax because I think it has got exciting potential, I believe it is the most exciting resource and finance idea that is kicking around these days. It is fraught with dangers, Mr. Chairman, it is a complex issue beyond words, and that is all the more reason why we should not allow it to degenerate into a partisan, mud-slinging debate in this particular committee but rather should undertake as politicians, whatever our strike politically, should undertake to find out, to get at the root of this one and find out if it is in any way, in any sense at all a workable idea, and if so to all band together to make it work because the future of this Province financially is riding on it.

MR. PECKFORD: Mr. Chairman.

MR. CHAIRMAN: The hon minister.

MR. PECKFORD: Mr. Chairman, I would like to make a few brief points and I will be as brief as I can to give other hon. members a chance to get in on the debate as it relates to the Upper Churchill contract again, as the hon. member for Burgeo-Bay d'Espoir has addressed himself to it again the second time or so. Number one, a point I would like to make and make it clear for the records, that this whole concept of a resource tax, export tax, license, is not a new idea in the sense that it suddenly reached consciousness by the people of this Province or some of the people of this Province in the last six or eight or ten months. The present administration has on a number of occasions in the last two years been involved in getting legal opinions from Vancouver, Toronto, Montreal, and our own people involved in giving us their interpretation of where we stand as relates to a license, as it relates to an export tax, as it relates to a resource tax. So number one point, this is not new, this is not an innovative thing that came on the scene in Newfoundland politics in the last year or so, it has been around for some time and it has been considered.

Now, number two; from the debate that has ensued so far, it has not been demonstrated by hon. members opposite, who are eager to

MR. PECKFORD: pursue this resource tax idea - I know they do not mean export tax - resource tax idea, direct taxation here, they have not demonstrated or have not proven - if we are going to talk about debating it and getting down and forgetting the partisanship of it - they have not proven that the taxes that have been imposed by other Provinces in the resource sector were imposed with existing conditions and contracts and leases in their provinces similar to the ones that are in this Province. That has not been proven or demonstrated to date in this debate and I challenge any hon. member to contradict that statement. They have maintained, the opposition has maintained that there are resource taxes imposed in other provinces; they have maintained that and rightly so, but they have not gone the step further to say - because the hon. members say that they have not got the detail, or the hon. member for Burgeo-Bay d'Espoir says he did not have the detail - but because a resource tax was imposed by Alberta or because a resource tax was imposed by Saskatchewan it does not follow logically that therefore a resource tax can be imposed by the Province of Newfoundland. If all the other conditions that underline the imposition of that tax are not the same, they must be the same -

MR. SMALLWOOD: Would the hon. minister allow me to ask him this question? Suppose some natural resource were to be discovered in Newfoundland, some part of the Province that is not under concession to anyone, it belongs to the Queen in right of Newfoundland; is his argument this, that you can go ahead under the constitution and tax that particular natural resource in any way you like but if it is a natural resource with regard to which you have entered into some kind of a contract then it is a different case altogether? Is that the minister's argument?

MR. PECKFORD: That is what I am saying or I would not be so categorical about it, but the trend of argument is valid, I am saying that there is a greater chance - I do not know the full constitutionality of it -

MR. PECKFORD: but there is a greater chance that it seems far more reasonable from what I have read, what I have been advised, that without any concession agreement or any other agreement attached to it, the province has a greater, a better case imposing-

MR. SMALLWOOD: Complete, Not only better, it is absolute and complete under the BNA Act.

MR. PECKFORD: Right. Well it seems that way to me. I am choosing my words carefully because I am no expert in the field. But it would seem to have a lot more authority than if you are into the situation like we are today where we have certain agreements that are signed. So, up to this point in time, the hon. members who are contending that a resource tax is possible have not been comparing apples and apples in my humble opinion, Mr. Chairman.

AN. HON. MEMBER: (Inaudible)

MR. PECKFORD: That has to be debated further in order for greater credibility to be given to the argument, in my opinion. Now, that is two points. Three, I do not know, I guess some hon. members opposite have read through Bill 51, 1961, An. Act To Authorize the Lieutenant-Governor in Council To Execute and Deliver An Indenture Leasing Certain Waterpowers in Labrador To The Then Hamilton Falls Power Corporation Limited and To Make Provision Respecting Other Matters Connected Therewith. Which was later amended to read: The Churchill Falls Corporation in a Bill later in the House Bill 84, 1966- 1967 which amended this one of Bill No. 51, 1961 to change the name from Hamilton Power to Churchill Falls Power.

Let us just compare two provisions of this Act. This is the lease agreement I have here in my hand, a copy of the lease agreement. On page 7, the hon. member for Twillingate this morning asked me to read him to the record or he thought it would be fitting to read him the record. On page 7, and it is through this provision that the present administration is pursuing its rights for getting a better deal on the Upper Churchill contract, the

MR. PECKFORD: Upper Churchill development, whatever words you want to sue there. Page 7, (c) subsection (c) it is. The right "to transmit throughout the province any electric power generated as the result of the harnessing of the whole or any part of the Upper Hamilton and to export from the province such power provided that upon the request of the government consumers of electricity in the province shall be given priority where it is feasible and economic to do so." That is the provision.

You go back to, "Subject to the provisions, terms, conditions exception and reservations of this lease, the lease and demise of the Upper Hamilton created hereby includes the grant to the lease, during the term created by the lease all the right to transmit." That is pretty clear. It is pretty clear. Forget, somebody said forget the legalities of it, forget that. You will get down to logic, common sense, reasonableness between hon. gentlemen. Well, I submit, Mr. Chairman, that that is a pretty clear indication of what rights the government has. The right "to transmit throughout the province any electric power generated as the result of the harnessing of the whole or any part of the Upper Hamilton and to export from the province such power provided that is what the leasee has. Upon the request of the government consumers of electricity in the province shall be given priority where it is feasible and economic to do so."

Now, compare or contrast that -

AN. HON. MEMBER: (Inaudible).

MR. PECKFORD: I am not to the point yet, just be patient. I also serve who only stand and sit.

MR. SMALLWOOD: (Inaudible).

MR. PECKFORD: Compare, yes, and it has been proven to be feasible and economic. Yes it has.

AN. HON. MEMBER: That is where you are wrong.

MR. PECKFORD: Well, okay, okay, It has to be proven, proven to a lot of people. It has not been proven to the court yet.

MR.ROBERTS: It has not been proven to the courts. Her majesty's judges have not as yet given their opinion obviously or otherwise -

MR.PECKFORD: Obviously or otherwise -

MR.ROBERTS: Her Majesty's judges are ruled aside.

MR.PECKFORD: Compare that with this. First, what I just quoted has to do with the conditions under which or the part of the lease agreements that we are in court about now. Then section (2) subsection (4) the leasee, now compare these two parts of it.

AN.HON.MEMBER: Lessee -

MR.PECKFORD: Lessee, okay; okay, sorry, I am extremely sorry.

I know it makes an awful lot of difference to the agreement -

shall be exempt from - lessee shall be exempt from (a) any increase in existing taxes;

Mr. Peckford:

(b) any liability with respect to any new or additional taxes that may hereafter be imposed levied or authorized, and (c) any liability with respect to any new or additional charges dues, fees, rents, levies, royalties or other assessment of whatsoever nature or kind that are within the power of the Province or any municipality or subdivision thereof to impose levey or authorize upon the leasee, its assets and on it goes.

MR. SMALLWOOD: Who is exempted from all of that?

MR. PECKFORD: CFLCo.

MR. SMALLWOOD: Who or what? Who is exempted from all that what the minister just read?

MR. PECKFORD: CFLCo.

MR. SMALLWOOD: Is that sure now?

MR. PECKFORD: Well, I will have to read back on the other part of it, that is what I -

MR. ROBERTS: Yes. That clause, if it is what the minister maintains it is, has been breached a hundred times because income tax has been increased on them time and time again. That is exempting them from sales tax and gasoline tax.

MR. SMALLWOOD: But who is it that is exempt? Who is it?

MR. PECKFORD: CFLCo.

MR. ROBERTS: During construction.

MR. PECKFORD: As I understand it.

MR. ROBERTS: Yes, well.

MR. SMALLWOOD: Make sure they are.

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: Leasee means Churchill Falls Labrador Corporation Limited. Successors and assignees, subsidiaries of Churchill Falls -

MR. NEARY: Get the Minister of Justice in quick before you get in trouble.

AN HON .MEMBER: Never mind CFLCo, worry about Newfoundland Hydro.

MR. NEARY: Send for the Attorney General, quick.

MR. SMALLWOOD: It is very important for the Committee to know who it is that is exempted from these particular things.

MR. PECKFORD: Yes.

MR. NEARY: Get one of those high paid lawyers you are paying to interpret that bit.

MR. PECKFORD: Number three point that I want to make on this -

MR. CALLAN: - The minister has a lot of support on his side. -

MR. PECKFORD - the legal opinion that - many of the legal opinions, and they are all unanimous -

MR. CALLAN: Unanimous?

MR. PECKFORD: Yes. All of them say exactly the same thing, but not exactly the same words, but they give the same recommendation, as the Minister of Justice read out this morning part of it there then. "In view of the explicit provisions of the Province's covenants in the financial agreement and the trust deed, the credit of the Province would be impaired to such an extent that it would probably be unable for many years to come to float a loan in Canada and the U.S. " This is what the -

MR. SMALLWOOD: Whose words are those?

MR. PECKFORD: That is a legal opinion.

MR. FLIGHT: Whose? Whose legal opinion?

MR. STRACHAN: Give us some detail.

MR. PECKFORD: I am not prepared to say right now. I will have to get -

MR. NEARY: Is it Mr. J. J. Greene or who is it?

MR. FLIGHT: Who is the legal authority?

MR. PECKFORD: The amendment to the lease would constitute an event of default that would lead to the delivery of control of CFLCo to Hydro Quebec.

MR. ROBERTS: Who is talking about an amendment to the lease?

MR. FLIGHT: Does the hon. member know who is saying that?

MR. NEARY: On a point of order, Mr. Chairman. My understanding, Your Honour, is that you cannot read from a document in this House unless you table the document. The minister has just read from a document, Your Honour. And I submit that he has no choice now but to table that document. That ruling has been made in this session, Sir. There is ample precedent for it, and now the minister has to table that document, Sir.

SOME HON. MEMBERS: Oh, oh!

MR. SMALLWOOD: I think that is so.

MR. PECKFORD: I do not think so, Mr. Chairman.

MR. NEARY: It is so.

SOME HON. MEMBERS: It is so.

MR. PECKFORD: I can refer to a document.

MR. SMALLWOOD: No. You can quote from it verbatim, then table it.

MR. CHAIRMAN: Order, please!

It is my understanding that that rule applies in the House but it does not apply in Committee.

MR. ROBERTS: Mr. Chairman.

MR. PECKFORD: Thank you.

MR. ROBERTS: Sir, the rules of this House specifically apply by Standing Orders in Committee except where the rules -

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

MR. ROBERTS: I am speaking to a point of order if the minister would resume his chair. I will find Your Honour the precise citation in a moment. But the rules of the House, Sir, specifically apply in Committee except where they are specifically excepted as, for example, the time rule, the rule that one may speak more than once and so forth. I can not find the rule here in the Standing Order, but it is here. I do not know where it is at this stage, but the rules of the House apply specifically, Sir. If the rule is in effect in the House it is in effect here.

MR. SMALLWOOD: Hear, hear!

MR. PECKFORD: Mr. Chairman, to that point of order. The hon. Leader of the Opposition has not proven that such a point of order is valid. He has not quoted any references, and he failed to do so while

Mr. Peckford:

he was standing to do it. And so therefore I think that your ruling that you made earlier is valid, therefore it should not be questioned.

MR. RIDEOUT: Mr. Chairman, to the point of order. The appropriate rule is 44(a), page 26.

MR. ROBERTS: Thank you.

MR. CHAIRMAN: Thank you very much.

MR. ROBERTS: Boy, are you stunned or are you -

MR. CHAIRMAN: I was going to refer to that Standing Order. If I may read it, 44 (a) "The Standing Orders of the House shall be observed in the Committee of the Whole House as far as may be applicable, except the Standing Orders as to the seconding of motions and limiting the number of times of speaking." I think the determining phrase there "As far as may be applicable." I do not think it is necessary for us to establish this point of order with absolute finality at this time. So if the Committee will permit I will allow my ruling to stand meantime, but I will report back to the House in a short time as to any alteration that may be necessary.

MR. NEARY: Your Honour knows that we have to run out of time about five thirty, so I presume we will get a decision before then.

MR. CHAIRMAN: Hon. minister.

MR. PECKFORD: Thank you, Mr. Chairman, so to summarize the points that I have been trying to make; number one, the whole concept of this approach as to a resource tax or export tax or whatever is not a new idea; number two, the arguments to date primarily coming from the other side of the House relative to the validity of such a resource tax being imposed in other Provinces is not being imposed under the same condition as what would have to be done in this Province relative to these agreements and the power contracts.

Thirdly, unanimous legal opinion that the administration has sought has indicated that the present course of action that the government is now taking is the proper course.

MR. SMALLWOOD: Did the minister say how many lawyers were consulted? He says British Columbia, Toronto, Montreal -

MR. PECKFORD: I do not know how many lawyers would be -

MR. SMALLWOOD: How many legal firms?

MR. PECKFORD: How many legal firms? Four or five.

MR. SMALLWOOD: How many of them outside this Province?

MR. PECKFORD: Four. The other point, Mr. Chairman, that I would like to make before I sit down is simply this, that it was indicated this morning and I reiterate it here this afternoon and it is this; one gets the feeling that hon. members opposite want to continue to articulate that the administration is blindfolded, stubborn, not willing to look at or consider these various alternatives that they are bringing up, that is completely false and I would -

SOME HON. MEMBERS: Hear, hear!

MR. PECKFORD: I think that the administration is willing to consider to keep those ideas and concepts forward and to keep getting opinions on them.

MR. NEARY: No backbone.

MR. RIDEOUT: What act did the minister just read from?

MR. ROBERTS: Mr. Chairman, would the minister permit a -

MR. PECKFORD: Act 51.

MR. ROBERTS: I have the Act, it is No. 51, Would he give me the number of the clause to which he referred? It is Act No. 51 of 1961, I have that here now.

MR. PECKFORD: It is page 17 which is -

MR. ROBERTS: No, give me the number of the -

MR. PECKFORD: Yes, I am trying to find it.

MR. PECKFORD: Section 2, sub-section 4 (A) (B) and (C).

MR. ROBERTS: Of the lease or of the act? Well we have different leases, I have 2123 and I have the statutory lease.

MR. PECKFORD: It is on the mutual covenants, part 4.

MR. ROBERTS: Yes, mutual covenants, tax exemptions -

MR. PECKFORD: Yes, that is it.

MR. ROBERTS: Article 2(1) and 2(2), is that the one to which the minister referred?

MR. PECKFORD: Yes, exactly.

MR. ROBERTS: Alright then, I will deal with them, I will destroy them when we get the chance. "Brian", it does not say what you said it says .

MR. PECKFORD: Oh definitely.

MR. NEARY: (Inaudible) blood pressure and all.

MR. PECKFORD: Mr. Chairman, I have summed up primarily all the things that I want to say, I hope that before the debate is concluded I have a chance to address myself to some other issues besides this Upper Churchill contract one. The Department of Mines and Energy are involved in many other things which are of a great importance to the Province, one is the whole question of energy conservation, nationally and provincially, and the efforts that the administration of the department has made over the last twelve months, - ten months - to insure that we become a part of any national energy conservation programme and more specifically to become a part of an energy conservation

MR. PECKFORD:

programme that the federal government saw fit to give really to the province of Nova Scotia and the province of PEI and yet to exclude the Province of Newfoundland in the face of evidence produced by the federal government that our energy cost per household was greater than Nova Scotia's and just a tiny bit less than Prince Edward Island's. And I would like for hon. members to get into that aspect of the debate as well as other issues that come under the Department of Mines and Energy but for the time being seeing that

MR. PECKFORD: the Leader of the Opposition is so eager to try to show that his point is more valid, if you will, than mine, or ours on this side, I shall yield to allow him to do just that if he so wishes.

MR. CHAIRMAN: Hon. member. Point of order.

MR. NEARY: Mr. Chairman, in view of the fact that Your Honour will not make a ruling on my point of order until a little later on, could Your Honour seize the document that the hon. gentleman was quoting from until Your Honour is in a position to make a decision? See to it that the document will not leave this House, the one the hon. gentleman was quoting from.

MR. CHAIRMAN: Hon. member, point of order.

MR. MARSHALL: Mr. Chairman, I got up to talk on the point of order and the hon. member has brought it up again, but it is covered by section 159 of Beauchesne, which says, "A minister of the Crown is not at liberty to read or quote from a dispatch or other state paper not before the House unless he is prepared to lay it upon the Table." But, it goes on in section 3 to say, "It has been admitted that a document which has been cited ought to be laid upon the Table of the House if it can be done without injury to the public interest. The same rule however can not be held to apply to private letters or memoranda." On May 18, 1865, there is an instance there, where a matter of a paper such as this was not laid on. Now, Mr. Chairman, I would contend that it is the height of unmitigated irresponsibility for the members of the other side to ask when a matter is before the court affecting the interest of the people of this province, it shows how small-minded they are to raise a point of order of this nature. This happens to be a matter of advice between a legal officer and the minister, and to ask and to have it put on the Table of the House when the matter is before the court, I would submit, the height of irresponsibility and could do irreparable damage to the public of this province.

MR.ROBERTS: Mr. Chairman, if I might I wish now to be allowed to debate points of order,Sir, and I intend to exercise exactly the same rights as were just exercised by the gentleman from St. John's East.

MR.CHAIRMAN: Order please! Order please! If the hon. Leader of the Opposition will permit me. The Chair cannot allow that remark to pass because this would disrupt the way the House proceeds about its business. If points of order are to be debated, I think the Chair takes the view that hon. members may express their opinions in so far as the Chair permits. On points of order the Chair has to have the prerogative of deciding whether the remarks are to be considered debatable or otherwise, and as the Chair should rule out any remark it does consider as being debated the Chair permits remarks to proceed it takes these as being information for the Chair, not form of debate. Hon. Leader of the Opposition.

MR.ROBERTS: Thank you, Your Honour. I shall not debate it, nor shall I be allowed to debate it, of course. But I hope I will be allowed the same freedom of observation as was the hon. gentleman from St. John's East, who I think is being mischievous and well as irresponsible in accusing gentlemen on this side of being irresponsible in requesting the tabling of opinion.

Now let me deal with this,Sir, in two points. First of all, let me deal with the particular reference to which the gentleman from St. John's East referred. If Your Honour refers to 159, citation 159 (1) of Beauchesne,which I believe was the one to which the hon. gentleman referred - no, I am sorry, (3),I shall read it, It says,"It has been admitted that a document which has been cited ought to be laid upon the Table of the House if it can be done without injury to the public interest. The same rule however cannot be held to apply to private letters or a memoranda." There was no question of a private letter or a memorandum here. This is a public document paid for out of public funds. It may be a confidential document but

MR. ROBERTS: it is not a private one. Now, Sir, the question is ought it to be tabled or not? Well, Sir, we did not raise the matter, the minister referred to it. The minister cited it. The minister quoted from it. Now, Sir, the relevance, surely the principle underlining the requirement, which is a very strict one I once referred to a Select Committee report in this House from Nova Scotia and

MR.ROBERTS: I had to table it. It was the only copy in Newfoundland. and it took I think two years and a resolution of the House to let me get it back for my own files. The requirement is a very strict one. Why do we have the requirement? Well, Mr. Chairman, the requirement is there to ensure that the House has full and complete possession of the information. If I may use the analogy of the oath which a witness in a court is required to take of the affirmation but the oath in most cases it is that 'I swear to tell the truth, the whole truth and nothing but the truth'. It is simply a question, not of the minister's honesty, I do not doubt that, but the minister has only cited one small portion of an opinion.

Now, Sir, if the House is to be asked to judge upon the basis of his opinion we have the right to the whole document, we have the right to read it, and to make sure that the minister, I do not know if he has done this or not, I am not saying the hon. gentleman from Green Bay would do this, but some hon. gentleman of lesser ilk tonight might just cite a paragraph that happens to be favourable to him. The minister says all of it is. He has refused to table it. I think, Sir, that the rule is quite straightforward: the rule requires it to be tabled and rather than it being irresponsible to table it -

AN.HON.MEMBER: (Inaudible)

MR.ROBERTS: Yes, I think it is. It may not have been wise to refer to it. The minister might have been better advised not to refer to it at all. But, Sir, once the minister opened Pandora's box whatever secrets are in it must come out, because we do not know whether the minister has taken one sentence out of context, whether he has taken it accurately or inaccurately. At the moment, if there is irresponsibility it is on the part of the Minister of Mines and Energy who referred to it to bolster his otherwise weak argument. I say, Sir, that it would be the height of irresponsibility permitting a minister to quote from a document

MR.ROBERTS: that he is not required to table. Because that, Sir, opens itself to wide abuse, wide abuse and a very basic principle of the House is the House has a right to information. The minister referred to it, Sir, then let the minister make it public. It think the citation in Beauchesne is crystal clear and the principle is even clearer, Sir.

MR.CHAIRMAN: Order, please. If the hon. member would permit me, the point of order that is before us at the moment, the point of order raised by the hon. member for LaPoile that the Chair should on an interim basis seize the document, this is the point of order. Remarks have been made by the hon. member for St. John's East and the Hon. Leader of the Opposition which, while perhaps not aimed directly to this point, nevertheless had some clarifying effects. I therefore feel in position to rule on this specific point of order: That is that the Chair, I do not think, in this situation has the power to seize the document I am not aware and my advisors

SOME HON. MEMBERS: Oh, oh!

MR.CHAIRMAN: I could direct it to the Sergeant-at-Arms but I would feel that it would be best therefore to rule that particular point of order not in order, and that my previous remark therefore stands. That whereas I have made the ruling on the previous point there has subsequently come to notice some other facts that should be taken into consideration. I will propose to do so in the very near future. Hon. member, a point or order.

MR.NEARY: Would Your Honour inform the House - I do not know if you would call this a point of order or not - what happens to the document in the meantime? Will it lay on the minister's desk and the minister take it back to his office, leave the House, take it back to his office. This is the first time this has come up and perhaps Your Honour could give us a little guidance on this matter.

MR.CHAIRMAN: Order, please. I understand from the inaudible indications from the hon. minister that he does not propose to take

MR. CHAIRMAN: the document out of the Chamber. Hon. Leader of the Opposition.

MR. ROBERTS: I assume that the twenty minutes now begins running because we are getting close, 5:25, I understand, is the end of the debate. The Clerk is not allowed to speak but he is nodding affirmatively. I think that means that I have twenty minutes from now and I shall try to use them.

Let me first of all, Sir, dispose of, get it out of the way as being superfluous and being completely wrong: I think the minister has something important to say the Minister of Mines and Energy. I wish the Minister would listen because the minister read a section of an Act and pretended that his argument was founded on it. But, Sir, his argument is founded upon sand if he relies upon this particular section.

If Your Honour refers to page 286 of the 1961 volume of the statutes, Act No. 51, which is the Hamilton

MR. ROBERTS: Falls Power Corporation Limited lease act, and Hamilton Falls is now CFLCo, it refers to tax exemptions but if the Minister wishes to read it properly or read it - and I challenge any hon. gentleman whether he is learned in the law or not to counteract this point because he cannot - this tax exemption refers only to, first of all, to the construction phases; and secondly, taxes imposed by or under the Social Security Assessment Act, Chapter 41 of the Revised Statutes, as amended from time to time, "or any act substituted therefor, and from any similar tax or assessment levied or authorized by the Province in respect of all machinery, equipment, material, articles and things and other tangibile personal property heretoeafter or hereafter installed, consumed or used in the establishment, construction, equipping or expansion of any facility established in Newfoundland Labrador for or incidental to the development of electricity from the whole or any part of the upper Hamilton." It has nothing at all to do with a sales tax - nothing! It does go on in sub-section 3 of that same Article 2 - and the reference I just made was to 2(1) - and sub-section 3 said, "The lessee and Twin Falls Power Corporation Limited which is a wholly owned subsidiary shall not be liable for any taxes other than taxes of general application. The Minister might as well concede the point now. His argument may or may not be founded, but it is not founded on the sections to which he refers. You know, I do not think we need further argument on the point. Time is short and I would like to get the heart of the arguments that have been put forth by gentlemen on the other side.

There is nothing in that statute that I can see that would ban a sales tax on electricity, a tax of general application, a tax affecting all electricity. If the Minister wants a section he might look at the principal agreement - a photostatic copy of which I had here unless somebody has taken it off my table

AN. HON. MEMBER: Seize it.

MR. ROBERTS: Somebody can seize it if they want. I heard somebody say it is in the -

AN HON. MEMBER: Here it is.

MR. ROBERTS: My colleagues have a habit of taking my papers and not bringing them back.

He might look at the 1953 principal agreement, which is the principal agreement between the Government and Brinco under which all of the Churchill Falls agreements were done, and he should look at 17(2) of that particular article. It was Act No. 63 of 1953 and that says: The Corporation shall not at any time be liable to pay any other Provincial or Municipal taxes, royalties or other charges, or impost, whether of special or general application save only taxes of general application not assessed specifically on any of the several types of activity carried on by the Corporation pursuant to this Agreement.

That is the one with which we would have to come to grips, and I think we could come to grips with it.

Mr. Chairman, we have seen and heard more red herrings trotted out before the House in this discussion this day than were in Placentia Bay at the height of the Long Harbour scare. The Minister of Justice got up - I am sorry, he is not here. I realize he is off about the public business in another place - the Minister of Justice got up and made the weakest argument I have ever heard against a proposal. And I make no apologies for devoting this discussion on the Energy estimates to this particular topic. There are a great number of other items of importance in the estimates of the Minister of Mines and Energy but it is the Government's decision to limit the time. the Government's decision to restrict the time, and I think that in what little time we have this is the subject that we ought to discuss because I believe it is the most important subject that has come before this House in this Session.

MR. ROBERTS: Before I go on to talk about the Minister of Justice's argument, which in my view is a very weak one indeed, let me talk very briefly about the points put forward by my friend from Twillingate (Mr. Smallwood). Obviously, we are not at all fours on this one. We do not agree. That is fine. We do not agree. The hon. gentleman believes he is right; I believe I am right. I can simply say that I can reassure him that a tax now - a sales tax now - is not an ex post facto tax. We have changed tax rates,

MR. ROBERTS: Sir, all the time. The Churchill Falls Labrador Corporation is no longer taxable. Were it taxable, it would be paying a much different rate of income tax now than it was at the time when the agreements were made fifteen or twenty years ago. It is not an ex post facto tax. It is a tax on the sale of energy. It is a retail sales tax. It is an energy tax.

MR. SMALLWOOD: Would the Leader of the Opposition allow me to ask this question? - a) the constitutionality, b) the legality, and c) the morality of entering into a contract with another province - it is 'inter' rather than 'intra' provincial - entering into an inter-provincial contract for the sale of a product of province A to province B, and having done so, then subsequently change the price that had been agreed on in the contract by imposition of taxes - a) the constitutionality of doing it, b) the legality of doing it, and c) the morality.

MR. ROBERTS: Mr. Chairman, I will address myself to all three of those questions. I think that is getting close to the heart of the argument.

MR. SMALLWOOD: Yes.

MR. ROBERTS: I simply want to say it is not an ex post facto tax.

MR. SMALLWOOD: Yes, yes.

MR. ROBERTS: Now let there be no doubt -

MR. SMALLWOOD: Not after the fact?

MR. ROBERTS: Let there be no doubt that the tax would be a legal one, a constitutional one.

AN HON. MEMBER: - legality

MR. ROBERTS: We have the right in Section 92 (2) of the British North America Act to levy any direct tax within the Province. And this would be a direct tax within the Province - thanks, I might add, to the wisdom of the -

MR. SMALLWOOD: - not sure

MR. ROBERTS: Yes, Mr. Chairman -

MR. SMALLWOOD: - would want the minister -

MR. ROBERTS: The minister said nothing contrary to it. The Minister of Justice said nothing contrary to it. He did say - I think I noted his words. He thought it might - I think - yes, he used the words 'may be held' to be a matter reaching beyond the Province'. Well, Sir, the sale by the firms of the

MR. ROBERTS: contract itself - the contract between CFLCo and Hydro-Quebec - the sale is within this Province. And surely to God, that is the reason why the sale was specifically, deliberately deemed to be within this Province, so we had control over it. Otherwise the sale would have taken place at the border, the place where our Writ ceases to run and where Quebec's Writ begins to run. The whole justification for - I mean, it is - the hon. gentleman, when he was Premier, did many good things for this Province, putting in the 'feasible and desirable' clause was one of them. But insisting on point 'A' was even more so, because the sale takes place within the boundaries of this Province and that gives us the power - this legislature the power - to tax, 92 (2) of the British North America Act.

The Minister of Justice, you know, skating around trying to defend the indefensible, said, "It may be held". Well, my answer is a) I reject that view; secondly, let us levy the tax and if Quebec-Hydro or anyone else does not like it, let them challenge it in the Courts and let the Courts decide. But let us act. Let us be men and not mice.

Now, Sir, the hon. gentleman from Twillingate (Mr. Smallwood) said in his view it was immoral for us to attempt to change a situation which has become terribly one-sided. Now let me put aside the comeback to the question of changing the contract, because we are not changing the contract. But looked at between province and province, Sir, forget this contract, which at this stage is between two Crown corporations. It was listed between a private corporation and a Crown corporation, but it is now two Crown corporations. We are talking province-to-province. The deal has turned out to be horribly one-sided, incredibly one-sided. I think the hon. gentleman used the term 'bonanza' to describe it.

MR. SMALLWOOD: Bonanza for Quebec.

MR. ROBERTS: For Quebec. Now we are not talking of changing the contract. I can not hammer it home to the Minister of Justice or the Minister of Mines and Energy, because they will not hear, but nobody has suggested changing the contract.

MR. NEARY: There is an emergency caucus going on.

MR. ROBERTS: CFLCo will not get one nickel more if we levy this tax than they get without our levying the tax. CFLCo does not. It is an energy tax. Maybe we should levy it on Bowater power as well, and on Newfoundland Light, and Hydro as well.

AN HON. MEMBER: Hear, hear!

MR. ROBERTS: - the Light and Power. It is the government, the House that is levying the tax, or the government would collect it.

MR. NEARY: The public treasury, is

MR. ROBERTS: It is the public treasury, as my friend from LaPoile says. It is not changing the contract. And all of the talk from the Minister of Justice about the sanctity of contracts was sheer persiflage. We are not revoking the contract. We are not altering the contract. We are not changing it. We are

MR. ROBERTS: living up to our contractual - CFLCo is living up to its contractual obligations. Another point made by the hon. Minister of Justice; he said, A tax of special application. There has been no suggestion of a tax of special application. The tax is a scheduled sales tax on all electricity, or for that matter, all energy - we could levy it on gas if we want. God knows we levy a heavy enough tax there. He was very weak on that point.

If Quebec feels that we have acted improperly or anybody feels we have acted improperly, Her Majesty's courts are available to dispense justice to all who would come before them. Quebec are the customers, Quebec Hydro. All we are saying is that we have now a new tax. We put a tax on automobiles, we put a tax on incomes, we put a tax on liquor -

MR. WHITE: They are going to put a tax on cable television.

MR. ROBERTS: Yes. Sometimes they even pay the retail sales tax on retail television sets, and sometimes they do not.

But now we are going to put a tax on energy. We already taxed energy and we are going to add ten per cent - when I pay my heat bill each month, my electric bill, it has ten per cent on it. We can levy the tax if we wish. The arguments that the Minister of Justice put forward along those lines are just of no validity at all because nobody has suggested changing the contract. It does not affect the contract one iota. It is not CFLCo who are changing anything; it is the Parliament of this Province, the House of Assembly.

Now, Sir, the hon. gentleman from Twillingate (Mr. Smallwood): I have dealt, I think, with the constitutional argument and with the legal argument - no doubt about the constitutionality of the tax, no doubt about its legality, and if anybody had any doubt let them go to court.

MR. ROBERTS: Let us not be pusillanimous here in the House. Let us act and then let the courts knock it down if they think it is ultra vires our powers as a Legislature.

Then we come to morality. The hon. gentleman from Twillingate (Mr. Smallwood) says it is immoral, and that is his opinion and I respect his opinion. I do not agree with him. I do not agree with him. I do not agree with the - the hon. gentleman has another clause there - he may -

MR. PECKFORD: I think you are wrong on your -

MR. ROBERTS: I could be wrong -

MR. PECKFORD: You are, absolutely!

MR. ROBERTS: Just as the Minister has known to be wrong, I have been known to be wrong. Fortunately, I have been wrong a lot less often than he has.

MR. PECKFORD: - Minister until you are sure.

MR. ROBERTS: I read the Clause 2(1) and -

MR. PECKFORD: 2(A)(4) and the (4) does not refer to any construction -

MR. ROBERTS: 2(A) - there is no 2(A)(4) in the 1960 - under mutual covenants -

MR. PECKFORD: Yes.

MR. ROBERTS: -1961 Hamilton Falls Power Corporation lease act, there is no 2(A)(4). There is a 2(A)(1) - (2) - (3) - and then a (3). I do not know what the hon. gentleman has.

MR. PECKFORD: I just have a copy of the same -

MR. ROBERTS: Well, he may. I have the Statutes of this Province, admissible in any court in this Province as proof that they are the statutes, and under mutual covenants - it is found on Page 285, Page 286, Page 287 - there is a Clause 1, a Clause 2 which has sub-clause 1(A), 1(B), sub-clause 2 and sub-clause 3. Now the hon. gentleman may have something I do not have. He may well have many things that I do not have. I have some things, fortunately, that he does not have. But, let him table the documents -

MR. PECKFORD: Yes, I will table them.

MR. ROBERTS: All right. Let him also table the opinions. Now, Sir -

MR. PECKFORD: No, no -

MR. ROBERTS: Let me go on to deal with the morality, because I think that if you can argue against this proposal it is on the grounds of morality. Well, all I can say is that I do not accept the argument that it is immoral for us as a Province to use our legitimate and legal constitutional powers to try to get back some of the benefit, to try to make it equitable. I think it is immoral for Hydro Quebec or for Quebec Province to take all the benefits. I think that is immoral.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: I think that is wrong.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: I think it is wrong of our Government to be so gutless that they will not take it back. Why should Quebec get 2.5 mil power? Why should Hydro Quebec have a bond rating that is better than this Province's, based in large measure or in large part on our money? Why should they? I am not saying, Take it all. I am suggesting a 10 mil tax. The power is worth twenty or twenty-five extra mils to them. All we want is a piece of the cake, not the whole cake. Hydro Quebec is stronger than almost any government in the provinces, and well they might be. I think if there is morality to be argued, the morality is on our side.

The deal that was made a few years ago was a good deal at the time. Who could have foreseen that energy costs would have gone the way they went? But, they have gone the way they have gone, and power that at 2.5 and 3 mils was a good deal is now incredibly and criminally lopsided. I think it is incumbent upon this House, and if the Government had any courage or any concern

MR. ROBERTS: for the people of this Province it would act. And the Minister of Justice in his most mealy-mouthed fashion, and that is very mealy-mouthed indeed, went on and he said, Do not disregard the hon. gentleman from Twillingate. I do not disregard the hon. gentleman from Twillingate. I respect his opinions but I do not always agree with them. But I found those words strange coming from the Minister of Justice who presided over the forced purchase of CFLCo. He agrees with the hon. gentleman from Twillingate when it suits the Minister of Justice's convenience, but how hypocritical can a man be! One time he argues out of one set of principles and another time another. The gentleman from Twillingate has been consistent. He has been consistent on the points.

MR. SMALLWOOD: Would the hon. gentleman allow me to ask him if he has considered whether there is a good analogy for us to follow in the fact that in the near East and the Middle East there have been a number of cases where countries either wiped out or drastically revised upward in their own favour concessions and contracts that had been given to oil companies, and even to the Royal Navy, I think. Where was it the weeping Premier -

MR. ROBERTS: Mossadegh - Iran.

MR. SMALLWOOD: Dr. Mossadegh. Iran was it? Persia. But they wiped out the concessions altogether. There are cases on record of countries doing that, but is there one case of an Anglo-Saxon, of a Western, of a North American, of a British Commonwealth country doing it?

MR. ROBERTS: The answer, Mr. Chairman, is yes. The government of Alberta within the last five or six years have unilaterally, arbitrarily and properly did that, and then there is well -

MR. SMALLWOOD: Did what?

MR. ROBERTS: They changed the right of the royalties on oil.

AN HON. MEMBER: And potash.

MR. ROBERTS: And Saskatchewan on potash. I mean, it is as for the laws of the Nedes and the Persians. The government of Canada have

MR. ROBERTS: changed tax rates to take the cream out of situations when they have redounded. And we are not hurting CFLCo. We are not hurting Hydro Quebec. They will still have a far better deal than they ever bargained for.

MR. SMALLWOOD: I would not mind hurting either of them provided we did not hurt Newfoundland.

MR. ROBERTS: Well, we are not hurting Newfoundland and Labrador and there has been a lot of chatter, a lot of chatter in this debate - and I think this has been one of the most useful debates of this entire session, by the way, Mr. Chairman - there has been a lot of debate about default, that terrible word that strikes terror into the hearts of all of us. There is no question of default here. When I spoke this morning I said that we, let the government take over - and I will put it now to the former Premier. He thinks great thoughts so let me give him a great thought. Mr. Chairman, there are any number of conversations going on. Now the Premier may well have something important to say to us and the Minister of Finance and the gentleman from Grand Falls may well have something important to say, but could they either say it outside the House or sufficiently low in tone that it does not disrupt other people, Sir.

Well, the Premier is glowering at me. I mean let him glower if he wants. I do not regret or resent his conversing with his colleagues. I do very much resent his speaking so loudly.

MR. CHAIRMAN: Order please! The hon. Leader of the Opposition -

MR. ROBERTS: Get a receipt for your television yet, 'Frank.'

PREMIER MOORES: I get the television, they get the boob tube.

MR. CHAIRMAN: Order please! I would now propose to refer to the point of order that was raised a short time ago and -

MR. ROBERTS: I am sorry, Mr. Chairman, but -

MR. CHAIRMAN: I thought you had finished.

MR. ROBERTS: No, no, I indeed was making what I thought was an important point, Mr. Chairman, I just wanted to say that I think if

MR. ROBERTS: necessary the Government of this Province should be prepared to go to the trustees and say, We will buy out the bond issue - \$500 million, two years rate at \$300 million a year worth - We will pay off the bond issue. Why not? The only concern the bond people have is their money. They are not concerned about anything else. They are not concerned with whether we own it, indeed they might applaud. They might stand up and applaud a Province that had the courage and the ability to fight back and to rectify a historic injustice such as this contract. They might well be able to do it. They might well applaud it and we can take the money and we will say to the loaner. We will make you whole and the money now - They might well welcome that. It is five and three-quarter and six per cent money, the main loan, the Churchill Falls main financing. I am sorry, it is seven and three-quarter per cent money and I am sure they would be delighted to have that back in full and they could lend it out again at eight or nine or ten or twelve per cent these days. And that will take care of the default situation, I am sure, if the Minister of Finance went to the trustee. We would have to arrange the interim

MR. ROBERTS:

financing, but I think that could be done by putting forward a big idea. And I think it is worth it.

AN HON. MEMBER: We would have the income.

MR. ROBERTS: Sir, we will have the income. We will pay off your loan. We will give you back your \$500 millions and you can lend it out again. It is no different than prepaying a mortgage. That is all we are doing. The trustee is there to look after the interests of what are called the sequesters, the beneficiaries of the trust. He is concerned to see that their security is not impaired. This idea can work and none of the arguments -

MR. NEARY: (First part inaudible.) - every bondholder on the North American continent knocking on your door.

MR. ROBERTS: You are ruddy well right we would. We are not levying taxes on CFLCo, Sir. We are levying it on sales. There has been no argument. I have been disappointed with hon. gentlemen opposite. I thought they would be able to put arguments to dispute this because they have not had the courage to put it in. And I assume they have had good reason. They have had no reason except the lack of courage and the lack of belief. They would cite legal opinions and do not table them.

MR. CHAIRMAN: Order, please! The hon. member's time has elapsed. Order, please! As I indicated some little while ago I would propose to address myself to the point of order that had been raised a short while ago. And to recall things to hon. members memory, you remember that the point of order related to the hon. minister reading from a document. And the point of order was raised that he should therefore table the document. I would read again Standing Order 44(a) which states as follows: "The Standing Orders of the House shall be observed in the Committees of the Whole House as far as applicable." And the obvious exceptions to those Standing Orders are the seconding of motion and the limiting of number of times to speak. If one refers

MR. CHAIRMAN:

to the matter of tabling of documents , May, page 431 reads as follows: "A minister of the Crown is not at liberty to read or quote from a dispatch or other state paper not before the House unless he be prepared to lay it upon the table. This restraint is similar to the rule of evidence in courts of law which prevents council from citing documents which have not been produced in evidence. This principle is so reasonable that it has not been contested and when the objection has been made in time it has been generally acquiesced in. It has also been admitted that a document which has been cited ought to be laid upon the table of the House if it can be done without injury to the public interests." So the meaning of that paragraph is that papers that are quoted from, that is dispatches or other state papers, should be laid upon the table of the House and similarly in committee unless injury to the public interest can be claimed.

On page 432, May states as follows, "The opinions of the law officers of the Crown being confidential are not usually laid before Parliament or cited in debate and their production has frequently been refused. But if the minister deems with expiendence that such opinions should be made known for the information of the House he is entitled to cite them in debate." Beauchesne covers much the same ground but for matters of clarification I think it would be useful to read from Beauchesne also. This has been referred to already. Paragraph 159, section (2) of 159, "A minister of the Crown is not at liberty to read or quote from a dispatch or other state paper not before the House unless he is prepared to lay it upon the table." And it then goes on to state much the same as May, "In section (3) it has been admitted that a document which has been cited ought to be laid upon the table of the House if it can be done without injury to the public interests. The same rule, however, cannot be

MR. CHAIRMAN:

held to apply to public letters or memoranda." The question before us, therefore, is firstly whether the hon. minister did quote from a dispatch or state paper. No claim has been made that this is a private, in the sense of being a personal document. So that I would feel therefore that the paper from which the hon. minister read does fit into that category. It was a state paper. The next point that has to be made

MR. CHAIRMAN: is whether this therefore should be laid upon the table. From my readings, and the readings that we have discussed, if the minister does quote from a state paper he should lay it upon the table. It has been claimed by one hon. member, the hon. the member for St. John's East (Mr. Marshall), that this would do some injury to the public good. That is not a matter that the Chair itself can decide. The Chair in this situation is not similar to a court of law where this decision may be made because the Chair cannot enter into debate nor can it give legal opinion.

The reference made by the hon. the member for St. John's East, I do not think fills this bill. The hon. member is not a minister so that the ruling would stand that the paper from which the hon. minister quoted, being a state paper, should be laid upon the table of the House unless it can be shown by the minister, or can be claimed by the minister that it would injure the public good, and the Chair would, of course, have to accept the hon. minister's opinion in this matter.

MR. PECKFORD: Mr. Chairman, on that point I take it from your ruling that if I can indicate to the Chair that the matter referred to is a paper which is in the public right now, and that should not be tabled because of public interest, let me say, Mr. Chairman, that the paper that I read a number of phrases from, a number of lines from, is one of the legal opinions that the Province has and is using in its case presently before the courts dealing with this whole matter of the Upper Churchill and the lease agreements.

There are several other parts of that document, that paper of four or five pages, that I did not read from, which I do not think, at this time,

MR. PECKFORD: it would be in the public interest to disclose to the Committee or to the House considering that the whole question is now before the courts and forms part of the overall opinion that the Province has received from various sources as it relates to the Upper Churchill development, and specifically the lease agreement between the Newfoundland Government by statute and CFLCo. So on those grounds, Mr. Chairman, I would submit that it is in the public interest because the matter is presently before the courts, because it forms part of the government's overall strategy as it relates to legal opinions on the lease agreement, that it is in the public interest that this document not be tabled at this time until the various negotiations, and discussions, and court proceedings have been held and decided upon. At that point in time then, I think, the public interest would be served in the tabling of the document, but not until that time.

MR. ROBERTS: Might I say a word?

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

The ruling of the Chair was that the paper should be tabled unless the hon. minister expressed the view that it would be injurious to the public interest to do so. The understanding of the Chair is that the hon. minister has made such a statement and therefore the matter must be considered as ended.

The hon. the member for Eagle River.

MR. ROBERTS: To a point of order, Sir. Does it make no difference to the rule? I am not challenging Your Honour's ruling. My point of order is this, Sir. Did it make no difference to the rule that it was the minister himself who first cited it? The minister's argument, the minister's point would be perfectly in order if we had asked for the opinions. We have asked for them

MR. ROBERTS: previously and been denied them and there has been no argument with that, but it was the minister himself.

Your Honour read a citation from May which made the analogy to a court. In a court, Sir, if a lawyer in a court cites a document he has no choice, Sir, but to table that document because how else is the court - and in this case the analogy is to Parliament, the House of Assembly - how else does the court know that the citation has been fair?

The minister read one, or two, or three sentences. We have no way to judge whether it is accurate or not.

MR. CHAIRMAN: Order, please!

MR. ROBERTS: I submit, Sir, the fact that the minister raised the matter first, and quoted from that document first, means that he cannot be allowed to make any further statement. Obviously it is in the public interest, Sir, to make it public or he ought not to have made it public in the first case. He is stopped, he is denied the ability to say now, Sir, that it is not in the public interest.

MR. CHAIRMAN: Order, please!

MR. CHAIRMAN:

I will reiterate and reread the particular section in May, which is as follows, "The opinion of the law officers of the Crown being confidential are not usually laid before Parliament or cited in debate, and their production has frequently been refused." And I think the next point is important. "But if a minister deems it expedient that such opinions should be made known for the information of the House he is entitled to cite them in debate so that he is entitled to cite from these documents in debate but he is not required to table the paper if in his opinion the paper would be injurious to the public interest."

The hon. member for Eagle River.

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

MR. CHAIRMAN: I will not hear another point of order if it is directly on this point because I think that would be tantamount to questioning the ruling, and there is another procedure for that.

MR. NEARY: We are limited to the points of order, Sir, that we can make.

MR. CHAIRMAN: If it relates directly on this, I think another procedure is available.

MR. NEARY: Well, it relates indirectly, I do not know about directly, Your Honour, but certainly indirectly on this because what brought this whole matter up in the first place, Sir, was somebody asked the minister to give us the names of the legal firms that had been consulted. The minister had been quoting from documents and we asked for the names. The names will not be injurious to the interests of this Province, Sir, will not affect the matters before the court in any way, shape or form. So could we have the names of the legal firms that are involved, Sir? That will not be injurious to the Province, and blot out the rest of the document.

MR. CHAIRMAN: Order, please! I do not think that the hon. member has raised a point of order. He has raised a request which the

MR. CHAIRMAN:

hon. minister may or may not feel called upon to respond to, but I do not consider it a point of order.

The hon. member for Eagle River.

MR. STRACHAN: Mr. Chairman, I leave the legal arguments to those better equipped to handle that side of things. But there are a number of points which have been raised in debate which I feel obviously show that what we are talking about here is being misunderstood by various people. I refer, first of all, to the ex-Premier, the member for Twillingate (Mr. Smallwood) who stated about the immorality of imposing such a tax. And I understand his feelings very well. In fact, I remember many, many months ago when I was trying to advocate such a tax, a resource tax, and was talking and trying to convince many people, the member for Port au Port (Mr. Hodder) raised it at his home on Roaches Line and this was his feelings then and he still has the same feelings, that by imposing such a tax, a resource taxation, we were carrying out a immoral act. And he is welcome to the viewpoint. I do not agree with him. But I follow on from there and see that what we are talking about in many ways is two different things. The member from Twillingate (Mr. Smallwood) talked about the relating- what we are saying now, imposing a resource taxation- to the situation, for instance, that existed in Iran when Doctor Mossadegh took over in Iran and nationalized and wiped out everything, and took all of the companies out. He talked about imposing a tax on concessions or contracts. What we are talking about here very clearly is resource taxation which is outside, totally and absolutely, any previous contract or any concession which has been made. We are not talking about dealing or dickering or tinkering with the initial concession or the initial contract, We are talking about resource taxation outside of that and lying well out with that. It has been done, and the case has been proven in other provinces in Canada, they are used outside of Canada, within other provinces of Canada.

Mr. Strachan:

The Minister of Mines and Energy in raising this discussion, talking about the cases which have existed in other parts of Canada, has stated that it is incumbent upon us to prove that none of the other cases are the same as ours. He asks us that can we prove that the legalities, the intricacies, the cases involved elsewhere in Canada are exactly the same as ours. I would like to reverse that because, number one, I do not have the benefit of a department behind me, nor do we have the money to travel across Canada and investigate the cases. I would like to refer that and in the five cases which we have cited in Canada, where there are some similarities, I would like to ask the minister to prove that any two of these cases are alike because they are not alike. Almost all of the other cases, in fact, the situation with oil in Saskatchewan, the

Mr. Strachan:

resource taxation imposed in there was an entirely different situation, was an entirely different intricate act than it was with potash in Saskatchewan.

So what we are stating here is that I would like to hear the minister defend it on the grounds that these cases are all different, extremely different. And that therefore does not invalidate our resource taxation of Churchill Falls power because our case is different from any of the other ones. None of the other cases are alike. They are all different. Exactly the same as ours are different, and in almost all cases will be different. So we feel here therefore that the minister has to prove very strongly, not ask to disprove, the minister has to prove that there is these cases are all the same or if they are not all the same then he has no validity in arguing that our case is any different.

On the point of outside of the contract, the former Premier - and here I would like to state that what we are suggesting here does not take away from the initial contract or the work that he did in trying to put together Brinco and the Churchill Falls project. That was tremendous work, and the concessions and the contracts or whatever put together were put together in the nature of that time. I think it is very wrong for us to sit in 1977 and argue about something which was put together in 1953, and criticize it, because it was put together at that time, in the nature of that time, in the form of contracts or concessions or various other things which were in vogue, which were in fashion at that time. What we are stating is that we are not concerned with that. What we are stating is that outside of that contract, that contract was fought for and the former Premier fought for it, If he had not fought for it Churchill Falls probably would not be in place today, and we would not be in this House arguing about it, because it would not have been there. And if he did not have to make the concessions and fight the way he had to fight then, we would not be

Mr. Strachan:

here discussing the point. We are not stating that there is anything wrong with that contract or concession or whatever the agreement was with Quebec, the agreement with Brinco and so on, in trying to put together Churchill Falls. That was done at that time. Let it exist - that is what existed at that time.

What we are stating is totally outside of that contract. What we are stating is applying a resource taxation, totally outside the contract, and therefore the contract as far as we are concerned does not really pertain, is not a major point that we are arguing at. It is a sale which occurs in this Province. Electricity is a commodity exactly the same as any other substance is a commodity within the Province, and a sale has taken place within the Province. In fact the irony of the whole thing is that Lesvesque, who was involved at that time, who was then Minister of Natural Resources, who argued that he wanted no mention of the boundary or the border, and in discussions with the former Premier point A was put in. Point A -

MR. SMALLWOOD: No, that was not Levesque, that was Lasage.

MR. STRACHAN: Lesage, I am sorry. Lesage. But I understand Levesque had some discussions on it or he certainly intimated it.

MR. SMALLWOOD: I wonder would the hon. member allow me?

MR. STRACHAN: I am sorry.

MR. SMALLWOOD: That was Levesque who initiated and insisted on and you might say bulldozed through the nationalization of power in Quebec, including the company that had bought shares in Churchill Falls, the electric company that Brinco had enlisted to help them develop the thing, to help them to survey and so on. When they nationalized, they nationalized that company and therefore become heavy shareholders in our great water power, Churchill Falls.

MR. STRACHAN: The argument still holds the same that Lesage was the one. We are talking about point A, and the fact that point A was then located within this Province, and a sale occurs within

Mr. Strachan:

this Province. And what we are arguing about is applying a sales tax, a resource tax, by whatever means one may vary, to change it according to this intricacy of the situation, but that is exactly what we are talking outside of the contract.

So bringing up terms of the contract, the initial contracts and so on with Brinco etc. are totally outside of this argument. Our argument is an entirely different argument. We are not imposing on the initial contract. We are not imposing on any concessions within that project. That is totally separate from what we are talking about. I totally disagree. I think that the nationalization of Churchill Falls was a total and absolute mistake. It was done.

But what we are talking about here is

MR. STRACHAN: not making similar mistakes, what we are talking about is not totally out with the contract, but applying a resource taxation to a commodity in which the sale takes place within this Province. It has nothing to do with anything prior or previous. The argument then goes on that there is an immorality to this act, and I understand the feelings about this immorality; I cannot see the immorality to this act when we know that we are giving windfall profits to Quebec Hydro, when the premier of Quebec, the now premier of Quebec, knows full well and has stated that you must feel very bad about us making such windfall profits on your power. He states that he realizes the situation himself, he realizes that we must therefore look upon him in this light, that we must view him as a bully or view him in this way and has intimated that he feels and gets the vibrations that we will be doing something and he of course knows full well that if he was in the seat he would be doing something as well. What we are trying to do here is put ourselves in the driver's seat rather than try to lie back, put ourselves in the driver's seat, impose such a taxation, if it is legal, if it is constitutional, the same as is done elsewhere in Canada and other provinces in Canada and then let them argue the constitutionality of it. Do not let us argue the constitutionality of obtaining the power; let them argue the constitutionality of having to pay us for power they receive and for which they make windfall profits. And that is, essentially and basically, the argument which we are putting forward. They do have Quebec Hydro - as I believe fourth in North America on the bond market, They have triple-A ratings, fourth I believe of Tennessee Valley Authority and various other ones, and they are fourth because of Churchill Falls power.

And what we are stating then is that we should aggressively, and using with good strategy, possibly taking a period of time, apply such a taxation, impose the act so that they have to pay it immediately and then let them argue with us and take us to court rather than us go through the

MR. STRACHAN: procedure in which we try to take them to court to get power back, power which we cannot get back until October 1, 1983, 800 megawatts of power. So for the next six years we sit and argue in court, and even if we won it tomorrow we do not get that power until October 1, 1983, and that is predicated on us having a start in 1976. The later we go then the longer it goes after that so we may not get that power - even if we want it tomorrow - until 1984-1985.

And I repeat it; our argument therefore is that we do not need the power, what we need is the money, and badly need the money, and if there is a way that we can obtain the money legally and constitutionally then we see no immorality in trying to do this when we see other provinces in Canada taking that step, and in fact Saskatchewan who did it - the day they did it were commended in the bond market, never went down one iota in the bond market, and in fact now they are even higher than they were before. They took that step with the potash companies. And that is quite clear. The point that we are arguing here is very, very clear.

MR. PECKFORD: (First part inaudible.) You are still going off to something else.

MR. STRACHAN: Okay, get back to the point. Since the minister was taken up - the minister argued the fact that none of the other cases are the same as ours, that they are all different, they are intricacies, they are all different, that we had to prove, the hon. minister said that we in stating our case have to prove that our case is similar to some of the other cases.

MR. PECKFORD: That is right.

MR. STRACHAN: Number one, of the five cases or the number of other cases in Canada, none of them are the same. They are all different. In fact in Saskatchewan the two cases, one with oil, another with potash, are both different. The intricacies are different, naturally.

MR. PECKFORD: Yes, okay. What does that prove?

MR. STRACHAN: Surely we do not have to go and prove that our case is the same as one of the other cases when none of the other cases are the same anyway.

MR. PECKFORD: But that does not say that any of them are similar to the conditions under which ours is so that therefore is an invalidation -

MR. STRACHAN: None of them are similar. None of them are similar to each other. They are all very different. They are all very different.

MR. PECKFORD: But do any of them have the provision, a like provision like we have in ours?

MR. STRACHAN: What I am saying is that the onus is not on us.

MR. PECKFORD: That is not the point.

MR. STRACHAN: First of all, I do not have the money. And secondly, I do not have the Department of Highways. The onus is not on us to go and travel to Saskatchewan and Alberta and B.C. and check through these things and come back and say, "Look, this case here has the argument there -"

MR. PECKFORD: We have already done it,- but you will not accept it.

MR. ROBERTS: The hon. gentleman will not table the -

MR. PECKFORD: You will not accept it.

MR. STRACHAN: But if you have checked these things, and if you say

MR. STRACHAN: therefore the argument is wrong, then let us see it, let us see the arguments, let us place the arguments, assure the arguments and see if they are for the -

MR. PECKFORD: Well, all right -

MR. STRACHAN: that you have no case whatsoever.

MR. PECKFORD: Well, you show us your arguments then.

MR. ROBERTS: We have.

MR. STRACHAN: We are laying out as much as we can without the resources behind us. We are laying out as much as we can. But the minister is being in a way intellectually dishonest in that he is quoting from statements, but he will not table these statements and show it to us.

MR. PECKFORD: You are putting on a poor mouth now.

MR. STRACHAN: There is no poor mouth at all.

MR. PECKFORD: When it is convenient for you, you put on a poor mouth.

MR. STRACHAN: We have presented here -

MR. PECKFORD: Otherwise you are fantastic.

MR. STRACHAN: And we have not heard you rebut any of the arguments yet. None of the arguments.

AN HON. MEMBER: Of course we have!

MR. STRACHAN: Not one of the arguments have you rebutted strongly and with faith. And we believe that what we are saying is correct, and we are still waiting for an argument over there which can come to us and say, 'Well, there are holes in it.' We have not seen anything which knocks us down. We have not seen anything which knocks holes in our argument.

MR. PECKFORD: You have not been up to knock down, as far as I can tell from your argument.

MR. STRACHAN: Our arguments have been up. The point is the minister has not tabled some of the evidence. Some of the things that he has. he has not placed them in the House and said, 'Look, there is the argument that refutes that; there is the argument that refutes that. You can not do it because of that, and you can not do it because of that.' And we can not do it because the matter is before the Courts and we will not get any evidence of it until 1983. And September 30, 1983 - October 1, 1983 you might give us the arguments.

MR. PECKFORD: Why do you not say 2040? I mean, if you are going to say 1983, you do not know -

MR. STRACHAN: - that you people supply 1983. The Minister totally -

MR. PECKFORD: Why 1983?

MR. STRACHAN: The Minister totally - I really strongly believe he is being intellectually dishonest in it and he will not table the documents which he is citing. He will not give us the evidence which will refute the arguments on what is a very important issue, an extremely important issue within this Province.

MR. ROBERTS: Maybe he will not do it because he cannot do it.

MR. STRACHAN: Well, maybe the hand -

MR. ROBERTS: He knows what is in the opinions - intellectual dishonesty.

MR. PECKFORD: A tidy little -

MR. STRACHAN: The big hand is being placed -

MR. PECKFORD: A tidy little argument that does not stand up.

MR. ROBERTS: Intellectual dishonesty. The Minister cites only what he wants to cite.

MR. PECKFORD: Yes.

MR. ROBERTS: Yes!

MR. STRACHAN: There is one last argument I would like to put forward and this is rather a philosophical argument, but it is something I have always wanted to say. What is the difference - and the Minister has stated the difference between splitting hairs between policy versus legality or law - and here I feel very strongly that what we are stating is that here is a policy which we believe would be of tremendous benefit to this Province. Every government can say that - if we could do it tomorrow it would be wonderful for this Province, it would get some money.

Our argument is this, that do we take this and say to the lawyers and the Department of Justice and legal experts: "Here is our policy. Can you look at it and can you make this fit?"

MR. STRACHAN: Can you argue - you are the lawyers who argue - can you see the weaknesses in it? Can you see the good points in it?" - because all arguments have good points and bad points, all arguments, even the present one you are in - "Can you make this fit and if it does fit?" But what we believe has happened is that you have taken a contract - never examined anything outside the contract - taken that contract and given it to lawyers who have gone down through the contract and come back with a dry opinion that here is a loophole in a statement. What we are stating is that that is back to front, arse-foremost really. What we are stating is that what we should be doing is laying down a policy, saying, "There is a policy. Now, it is your job as lawyers to try to fit the arguments around; it is our job as politicians to keep the good points up front and argue around it and develop a strategy because that has been done time and time again, done by Lougheed, as the Minister knows if he has examined - Lougheed has done that with oil in a situation with Sarnia refineries in Ontario where he threatened to cut off oil going to Sarnia refineries. He threatened to cut off the oil unless they paid the resource taxation. He never had to carry it out. But he had sufficient legal basis. and then he applied the strategy and the policies and the politics in order to make it work, and he never had to cut off the oil to Sarnia refineries because they paid the taxation.

We are saying exactly the same situation exists here - all different industries, all different commodities we are dealing with, but exactly the same situation occurs here, and it can be done provided we have the guts and initiative to try to put this thing together as a policy rather than to sit back and wait for dry, legal opinions to guide us as to what we should do in the future.

MR. PECKFORD: You are creating a situation that I -

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

MR. MARSHALL: I will just take a few moments because I know the clock is going to run out soon. On this particular issue we are speaking about, I do not see really that it serves any

MR. MARSHALL: purpose in the Committee of the House to get into a legalistic legal argument as to the pros and cons of both sides. There is no doubt I think in the strict sense of the word that the province has the power to tax. The province certainly has the power to bring in any tax that it wishes. Its parliament is supreme. It can tax. It can change agreements. It can alter agreements. It can do practically anything that it wishes in the exercise of its power once of course it always has the support of the general populous which puts us here.

That is not the fact it is not a legal argument, Mr. Chairman. I do not think it serves any purpose to get into a legal argument. We have had legal opinions. The hon. gentleman there opposite have had the legal opinion of a younger lawyer in Labrador City, a couple of years in practice who put his opinion forth very sincerely. There is no doubt about that. On the other hand the government has had legal opinions from persons—

AN HON. MEMBER: Who are they?

MR. MARSHALL: - within the province - but I do not think that we can just assume. Well maybe we can be told who they are but—

AN HON. MEMBER: Law students.

MR. MARSHALL: Not law students. I do not know who they are but I would gainsay that they are very responsible, respected lawyers here and in Montreal and in Vancouver and in Toronto and perhaps the hon. member might like to let them know who is giving this advice. But you have legal opinions on one side or the other and I do not presume to get into a legal argument about it. We have the power to tax. There is no doubt about that. But what we have to ask ourselves is the question of the grim reality, not necessarily the morality or the legality, but the reality and the consequence of putting a tax upon the hydro power that goes into Quebec.

I think the hon. member for Twillingate gave a statement with respect to that. You have to bear in mind the

MR. MARSHALL: fact, whether you like it or not- well we do not like it; nobody here likes the fact that this power goes to Quebec Hydro for such a small amount, and they profit so much from it. Nobody really likes that. But the fact of the matter is it was done. The fact of the matter is there are various bond holders in the financial markets that have entered into agreements based on this lease which the minister referred. The fact of the matter is that there are areas other than Quebec that are involved. The New England States, New York, Central Canada, what have you. All of these things have to be borne in mind. Now I do not see any point really in getting in a long legalistic argument except to say this, that I have confidence that all that can be done will be done. It is not a case where the Leader of the Opposition gets up and says, "You know, they have not the courage to do it!" We get lambasted by the member for Burgeo- Bay d'Espoir with respect to not taking this particular action.

But there is no doubt about it, if this action could be taken it will be taken. It is no point, I do not think it serves this committee any, as I emphasized, to get in a long legalistic argument back and forth whether it can be done or it cannot be done. One thing for sure is that whatever can be done one has to weigh the consequences of one's act not so much on the people of Quebec, what have you, but on the people of Newfoundland and the retaliatory measures, if any, that would occur.

Now that is the main thing that I have to say, but I cannot sit down without making this one other observation. The debate which I have heard emanating on this sounds almost like a bad dream. I think it is only in Newfoundland that it could really occur. Here we have a party-- we are not allowed to talk about past issues, apparently. But you care less because if you do not look at past issues you do not learn by mistakes - here we have a party when they formed the government gave away the power.

MR. MARSHALL: Now they have the unmitigated gall to lambaste us, the Leader of the Opposition who accused the government of not having the courage to act. The Leader of the Opposition accusing the government of being mealy-mouthed and what have you in not taking actions to cure the gigantic mistake that was made in the first place. It was a mistake. The fact of the matter is, Mr. Chairman, it was a mistake. One may not:

MR. MARSHALL: sit back now and say that you could not have contemplated that the price of electricity would have risen as it did, but certainly one could easily have contemplated the fact that the people of Newfoundland might need the power sometime in the future and the provisions in the agreements could have been much more clearly put in to give the people of Newfoundland the right to take back their birthright when the time came. And in that, you know, if you want a contrast you contrast the actions taken then without the knowledge, the benefit of hindsight, with the actions that have been taken with the government in the oil and gas regulations that have come before this House. This is an example of a government that does not know what is in the future. Compare that with the action that was taken by the hon. gentleman's predecessors there opposite, none of the ones that are sitting there now were members of the government. Because that particular set of regulations I think - It is too bad that we have not had an opportunity to debate this because I think those regulations appear to me anyway to be quite excellent. They show that an awful lot of thought has gone into it.

We have the situation of the petroleum board being set up which is going to own forty per cent of the resource. A proper agreement made with respect to the developers as to their rights to have a reasonable profit and we have assured that we have a partnership with the people who are developing it and have not given away the entire resource and have no intention, not even for the immediate prospect of the construction jobs which are so badly needed here, but the fact of the matter is, Mr. Chairman, I mean the hon. minister I know wants to reply and he only has about ten or fifteen minutes so I am going to sit down. There are many other things that we could bring up. I do not know. If the hon. minister gets an opportunity when he rises he might talk a little bit about the Newfoundland and Labrador Hydro Corporation because I share some of the concerns that have been expressed in the committee about the obvious or apparent, let me say,

MR. MARSHALL: extravagance. I noticed from their financial report, a couple of quick observations before I sit down, that the employees I think equalled \$1,250 or \$1,650, I am not sure, but I would like the minister to inform how much of an increase that is from the previous year. I note there are sixteen employees still from the Gull Island Power Corporation, this is put in the financial statement. I would like him to respond, if he cannot now, later let me know as to why there are sixteen employees when the project has been shut down and what usefulness they are performing. I could not myself from the financial statements really get the exact, and I have never been able to really get the exact difference between the dividends we receive from Churchill Falls Labrador Corporation and the interest on the \$130 million portion of the loan because we paid \$160 million but \$30 million of it can be validly attributed to the undeveloped resource, the difference between the interest on the \$130 million and the dividends that are being received.

I do feel that a new fledgling corporation, as it were, relatively new like Newfoundland and Labrador Hydro Corporation needs to have the brakes put on it. There is a great deal of justifiable emphasis on resource development and electric resource development, water power development in this Province, and rightly so, but the tendency has been to create a darling, as it were, which does not appear, that is the corporation itself, to be subjected to the constraints which are apparent in other areas of the public service and which certainly should be there. As I say, there are items on that statement that I would if I had more time in this committee to ask specific questions of the minister on this. Also I would like to ask him, there is \$350,000 provided in the second part, third section of the first subhead for professional services, and I know the hon. minister is perhaps talking there and he probably does not hear, but I would like to know what generally the \$350,000 is for professional services because it seems to be quite high and what the money has been spent for.

So that is the gist of my remarks, Mr. Chairman.

MR. PECKFORD: Well, Mr. Chairman, in cluing up the debate there is only about ten or fifteen minutes left. There are several things I want to say to get on the record on the estimates for this year anyway of the department. First of all let me indicate that the Leader of the Opposition had made a statement which I

MR. PECKFORD: have to address myself to. When I sat down the last time that he was going to destroy me when he got up because what I was talking about was not part of it. Well the Leader of the Opposition knows as well as I do now that it is that he was reading from the statute but he did not have the amended or consolidated statutes there so that he did not see - it was not there in the statute, he could not read it because it was not. But what I did say was valid. Those terms and conditions, any increase in existing taxes and so on as it related to CFLCo., section (4), yes, part (4), 2A, subsection (4), and it is there. It is part of the statute and it does give those provisions and they are valid. They are there now in the statutes. I want to put that on the record that that is in fact valid, the comments of the Leader of the Opposition notwithstanding. So let the record show that.

Number two, the whole question, Mr. Chairman, of concessions and all the rest of it, as the member for St. John's East (Mr. Marshall) has already hinted at and which I would like to just elaborate on a bit more; I mean, let the record show that this administration has not been very reluctant or lacking in courage or nerve to make changes to agreements and concessions that were given away or made years ago by the previous Liberal Administration. Let the record show, as I have indicated in my statement, that the amount of mineral revenue that accrued to this Province has tripled since this administration took over because we have revamped the mineral legislation and we have imposed additional taxation, and rightly so, upon companies. So let it not go abroad that this administration over the last four or five years has been lax in trying to eliminate the kind of concession system that was in operation for many years in this Province and that we have sought legal opinion on what we were able to do, and where legal opinion has indicated that we have the capability and the right to make those changes we have made

MR. PECKFORD: them and we have increased mineral taxation to the public treasury because of actions that we have taken. We have not been at all lax.

The mineral system now in place as it relates to claims staking and so on in the Province, is among the best in Canada, and that is not enough, Mr. Chairman, and hence why a couple of months ago, as Minister of Mines and Energy, I issued a white paper relating to a mineral acreage tax to get at even the larger ones. That is being drafted now. And we put it out in white paper form to let all the companies and other interested agencies and individuals make representations to us. All the representations are in on it and we hope to have that before the House closes, when we get into legislation in the next week or two.

So you know, these are measures, Mr. Chairman, that we have taken relative to this business of resource management as it relates to minerals, as it relates to the oil and gas regulations that are out now in a white paper which clearly show - but where it does not, Mr. Chairman, where it does not show, as it does not right now in the opinion of our legal advisers that we can take this step, well then obviously we must be reluctant to take it; which is not to say that down the road, as I have indicated this morning, after we take the alternatives as we see them, as the way we want to play it now from what our legal advice is, that we will not reconsider some of the alternatives that have been presented here today by hon. member opposite, we are not closing the door.

But the unanimous legal opinions that we have been given are such to persuade us that we must continue to go the route we have now embarked upon, and it is as simple as that.

Now, Mr. Chairman, I am extremely disappointed that hon. members saw fit to spend just about all the six hours on

MR. PECKFORD: this department on this one issue. There are many, many other issues that should have occupied some of our time under the six hours. Everybody knew we had six hours when we started. We should have talked about the Buchans situation.

MR. FLIGHT: We could not get into it.

MR. PECKFORD: Yes, we could have gotten into it.

Do not be silly. Do not be foolish. We should have gotten into the Buchans situation and discussed it. We should have discussed the St. Lawrence situation in a great bit of detail, or any mining community and the kind of strategies that government must develop -

MR. FLIGHT: By leave.

MR. PECKFORD: - the kind of strategies that government must develop to protect the areas that become involved in non-renewable resources. It must become a major policy of government, not to do it on an ad hoc basis. There must be developed a policy or a strategy by government which will encompass

MR. PECKFORD:

all those areas that become dependent upon non-renewable resources. That is the kind of an approach that must be taken. It must not - Mr. Chairman, could I have silence please? I am trying to develop a point here.

MR. CHAIRMAN: Order, please! The hon minister requests that he be heard in silence. Order, please! The hon. minister.

MR. PECKFORD: So you cannot develop a policy as it relates to Buchans, another policy as it relates to St. Lawrence, -

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

MR. PECKFORD: - another policy that relates to Flintkote's operation, another policy that develops. There must be some overall guiding principles which become applicable when non-renewable resources are completed or are finished in a given area. And I thought that the Opposition would find time, even if it was five or ten minutes, to expand and to contribute to government's overall decision making as it relates to developing policies like that because these are areas now, Mr. Chairman, -

MR. CHAIRMAN: Order, please! I made a ruling that the minister wished to be heard in silence. I would ask that rule be kept.

MR. PECKFORD: - that these are areas that I thought that members of the Opposition would bring forth some ideas as we are now involved in developing some kind of policy and strategy that would encompass this very critical area and equally so to contribute in a meaningful way to ongoing things that we have to deal with now. For example, and most importantly as it relates to the Makkovik-Kits uranium deposit which is now under study environmentally and economically by BRINCO and to indicate, to develop a number of ideas as it relates to this, Mr. Chairman: There is an existing agreement that BRINCO has. There is an existing agreement. They have the right because they have lived up to all the provisions of the agreement that was signed in 1956-57.

MR. PECKFORD:

So you cannot fault them on it. They have lived up to all of them. So that we are as an administration, as a government faced with this, that under that kind of an agreement the returns to the Province are not that great, are not as great as if the operation was starting or a new agreement had to signed tomorrow morning. Say it was Crown land and they moved in on it, Mr. Chairman, as an exploration company and found uranium and then went from there to into production. The Mineral Act and the other legislation now in place, the new amended, modified acts that this administration brought in, would demand and dictate a given rate of return that would be far in excess of what now is the case under an existing agreement signed in 1956-57. And so therefore, the question has to be asked, how far can government go now in 1977 to change this kind of an agreement and still insure that the development goes ahead to create much needed jobs in our Province? To what extent can we expect a company - almost the same thing again as the CFLCo situation - it is an existing contract again, a Liberal contract that was signed in 1956-57. How far down the road should we go to try to push, persuade, cajole the company which signed the agreement in good faith in 1956-57? We need the jobs. We would like to have the development. We have to make sure the environment is protected. How far do we go? What we would have to do, Mr. Chairman, if we cannot do it by co-operation and negotiation with the company because they do not have to negotiate, our only recourse would be legislation again, and legislating out of existence an established agreement entered into in good faith by both parties in 1956-57, which is twenty years ago. So I anticipated that the Opposition would at least give a few ideas as to where their party sits

MR. PECKFORD: as it relates to this very large, potentially lucrative, potentially harmful, environmental development, which we believe can be very good for the Province. That is a very important condition right that I thought that hon. members would get involved in.

Mr. Chairman, it seems that the Opposition decided that the weakest part of the whole mineral policy, oil and gas policy, energy policy, the whole thing that comes under the Department of Mines and Energy, the weakest link in it would be as it applied to the Upper Churchill contract and that they would spend the majority of their time, if not all, to give them the benefit of the doubt on this one particular issue. Mr. Chairman, I think they make a tactical error, a strategic error to forget all about the mineral development of the Province, to forget all about the oil and gas development of the Province, to forget all about the rest of the hydro developments of the Province. It is the intention of the administration, articulated and written in my statement of last evening, as well as other public statements, that we intend as a government to ensure that Newfoundland Hydro, for example, comes under or has some regulatory authority over it to review its rates and so on, to ensure that the consumers of the Province are getting a fair deal. It is a great issue. It should have been dealt with.

We are intent on trying to develop as many on-Island hydro projects as we can that are environmentally sound because they are labour intensive.

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

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

MR. SIMMONS: Mr. Chairman, listening to the Minister of Mines and Energy state the great number of issues which are of concern to him, and I believe of equal concern to us on this side of the House,

MR. SIMMONS: I think he has demonstrated, and I agree with him, he has demonstrated the need for additional time and Mr. Chairman, I would suggest that our people would be most willing to agree to extra time, an extra couple of hours on Mines and Energy if the minister is so concerned on this point.

MR. ROBERTS: It could be provided.

MR. CHAIRMAN: Order, please!

MR. SIMMONS: We would be quite prepared on that subject, Mr. Chairman.

MR. CHAIRMAN: Order, please! I have to rule on that. We only have a few minutes time.

MR. PECKFORD: Mr. Chairman, you know, that is a foolish, silly, elementary, stupid idea for a point of order. I wish the hon. member for Burgeo - Bay d'Espoir would take his Standing Orders home and study them so that, you know, we would not have to put up with this stupid display that he puts on every day in the House.

MR. ROWE: Leave him alone.

MR. PECKFORD: So, Mr. Chairman, just to sum up. The hon. member for Burgeo - Bay d'Espoir (Mr. Simmons) and all the hon. members opposite saw fit to use just about all the time allotted to this department on one particular issue in which they are not well versed, in which there is constitutional questions involved, in which there are very complex legal questions involved. And they took it upon themselves as self-appointed experts on the Upper Churchill power contract, on the lease agreement between the Newfoundland Government and CFLCo to embroil themselves, these great experts in law, in constitutional law, these great experts on the lease agreement -

SOME HON. MEMBERS: Oh, oh!

MR. PECKFORD: - they took it upon themselves to become great experts in this field.

SOME HON. MEMBERS: Hear! Hear!

MR. PECKFORD: Mr. Chairman, and now they recognize their failure.-

SOME HON. MEMBERS: Hear! Hear!

MR. PECKFORD: - now they recognize their failure, and now they are in full agreement with me that they have made a fatal mistake. They made a great mistake, and that they will next year revise their strategy to make sure that they do not fall into the same trap again.

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

Shall I report Mines and Energy carried without amendment.

On motion that the Committee rise, report progress, and ask leave to sit again. Mr. Speaker returned to the Chair.

MR. SPEAKER: The hon. Chairman.

MR. CHAIRMAN(Young) The Committee of Supply have considered the matters to them referred and have passed items of expenditure on Head XI - Mines and Energy, without amendments and ask leave to sit again.

On motion, report received and adopted, committee ordered to sit again presently by leave.

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: Mr. Speaker, I have a message from His Excellency, all rise please. This is His Excellency too, is it not? No, this is His Honour, the Administrator, I guess.

MR. SPEAKER: The following message from His Honour, the Administrator to the hon. Minister of Finance.

"I the Administrator of the Province of Newfoundland transmit Supplementary Estimates for sums required for the Public Service of the Province for the year ending 31st. March, 1977 by way of Supplementary Supply. And in accordance with the provisions of the British North America Act of 1867 as amended I recommend these estimates to the House of Assembly." Signed by the Administrator.

The hon. Minister of Mines and Energy.

MR. PECKFORD: Mr. Speaker, I move that the message be referred to the Committee of Supply.

On motion that the House resolve itself into Committee of Supply, Mr. Speaker left the Chair.

COMMITTEE OF SUPPLY:

MR. CHAIRMAN: Order please! That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the public service for the financial year ending the 31st. day of March, 1977 the sum of \$102,654,600.

MR. ROBERTS: Sir, before the minister speaks may I raise a point of order to be sure we understand the rules. As I understand it, Sir, we are now outside the Standing Order 115 which means two things; first of all there is no time limit on the debate on supplementary supply,

MR. ROBERTS: and secondly our speeches are not limited to twenty minutes, they are now forty-five minutes, and other than that we may speak more than once. You know, the same rules as applied in committee before we adopted the seasonal agreement on Standing Order 115. That is my understanding but is that correct, Sir?

MR. CHAIRMAN: Order please! That -

MR. PECKFORD: Mr. Chairman, I understand that what the Leader of the Opposition has said is correct, that the particular provisions that were contained in our agreement are not applicable to the present -

MR. ROBERTS: Well, they have expired. They have lived out their life.

MR. PECKFORD: That is right. Although I do not have the copy here -

MR. ROBERTS: I have it in front of me and it -

MR. PECKFORD: That the House adopt the following amendments to the Standing Orders of the House of Assembly, said amendments to be in force provisionally for the remainder of the session of the House which would be the 10 o'clock things.

MR. ROBERTS: No. If you look, Mr. Chairman, at Standing Order 115 I think it is or it might be 116.

MR. PECKFORD: Yes, I just wanted to be clear.

PREMIER MOORES: That is right. It is abolished.

MR. PECKFORD: It is abolished.

PREMIER MOORES: The times of the sittings of the House remain.

MR. PECKFORD: The times of the sittings of the House remain. That is -

MR. ROBERTS: Oh, the times of the sittings stay.

MR. PECKFORD: I am just going through it all so that we understand.

MR. ROBERTS: No, I was talking about the hours of the - the time limits.

MR. PECKFORD: I know what you were talking about and I think I know what I was talking about, Mr. Chairman.

MR. CHAIRMAN: The hon. Minister of Finance.

MR. DOODY: Mr. Chairman, this is the annual Supplementary Supply

MR. DOODY: Bill which is the legislative consideration of the special warrants which have been tabled during the current year, what was spent in the fiscal year just passed, money which was not voted and for which

MR. DOODY:

warrants have been tabled. The resolution is as was read and the bill is number (56). The amount in aggregate is \$102,654,600. And the major amount of that is an amount of almost \$80 million for the Department of Finance. Of that \$79,800,000 there is some \$75,400,000 for the Gull Island loan. The Gull Island loan, as I say, takes up or accounts for \$75 million of the \$80 million which is in the finance vote. So if one accepts that from the supplementary supply it is a remarkable achievement indeed because the estimates were reasonably close in terms of the sum total of last year's budget. On the Gull Island item, the Minister of Mines and Energy may wish to make some comment on that. The total amount to be advanced to the Gull Island Corporation is an amount of a little over \$78 million. There is \$2.9 million in this year's estimates. The balance was loaned to them by the Province last year which, as I say, was some \$75.4 million and on which the Gull Island Corporation will be paying interest to the Province.

MR. ROBERTS: Would the minister permit a question?

MR. DOODY: Sure.

MR. ROBERTS: My question is simply where does Gull Island Corporation get - let us say the interest is ten per cent and let us say the loan is \$75 millions, in round numbers that is \$7.5 millions a year - where do they get the interest? Will it accrue? Will we have to make further loans? What income does Gull Island power have other than what we give them?

MR. DOODY: Only their advances from Hydro. They will get their revenue from Hydro. In effect Hydro will be paying us the interest.

MR. ROBERTS: But how will they get their revenue from Hydro, as a loan? What are they selling or renting Hydro?

MR. DOODY: Nothing really.

MR. ROBERTS: So Hydro is just investing money.

MR. DOODY: In the future of Gull Island.

MR. ROBERTS: Does it show us what its equity as loans -

MR. DOODY: It shows a loan to Gull Island Power.

MR. ROBERTS: From Hydro to its wholly owned Gull Island Power.

MR. DOODY: That will capitalize the interest.

MR. ROBERTS: So all we are doing really is robbing Peter to pay Paul because in the long run Hydro has no money except what we give them.

MR. DOODY: That is right.

MR. ROBERTS: So we are not getting any interest back really.

MR. DOODY: No, that is right, except it makes the Province's financial statement look better.

MR. ROBERTS: Yes, but that does not fool any bond people.

MR. DOODY: No. We are not trying to fool anybody. It is just a matter of keeping the books.

MR. ROBERTS: It is just where the damned zeroes go.

MR. DOODY: Those ' dots again.

MR. ROBERTS: So we will be getting \$7.5 million back each year on our loan, the government's loan and in return we will be lending Hydro an extra \$7.5 million a year to enable them to pay it to Gull who in turn will pay it back to the government, Ring-around-the-Rosy.

MR. DOODY: Yes, unless Gull Island -

MR. ROBERTS: Unless Gull Island gets ahead.

MR. DOODY: Unless Gull Island gets moving and gets some revenue.

MR. ROBERTS: The minister and I will be older and maybe even wiser before that happens.

MR. DOODY: Well we will certainly be older and one of us will be wiser. But we will see what happens during the leadership convention.

MR. ROBERTS: Is the minister running?

MR. DOODY: The minister has been running for some time. It has not been -

MR. ROBERTS: Ah! But for what reason has the minister been running?

AN HON. MEMBER: Just to keep even.

MR. DOODY: That is right. Check with the sheriff.

The other \$4 million - I do not know if hon. members opposite have got copies of these warrants with them. They were all tabled in sufficient quantity for them. The additional \$4 million for finance was made up of about \$1 million, if hon. members remember when I tabled the warrant, - \$900,000 of this was made up of extra Canada Pension Plan, Unemployment Insurance, Group Insurance and so on, payments which were necessitated by salary increases during the year. And there was a \$3.1 million advance to N.I.D.C. The N.I.D.C. advance was used partially to finance a trawler at Marystown and partially for an E.P.A., a loan to E.P.A. of \$1.5 million.

MR. ROBERTS: Could the minister expand upon that loan?

MR. DOODY: Well, it was an N.I.D.C. loan from the - sometime during last year the Eastern Provincial Airways were in very serious trouble. And they were involved in the building of a hangar in Gander. They came to the Province and said that there was no way that they could continue to operate and finance the expansion or even to remain where they were. And they suggested to the Province that we get involved in an assistance programme. So the \$3 million figure was arrived at. It was to be a fifty/fifty DREE programme, which DREE did not get -

MR. ROBERTS: When?

MR. DOODY: That is a long while ago.

MR. ROBERTS: It does not deal with any recent problem that may have occurred.

MR. DOODY: No, this was the financing of last year which was -

MR. ROBERTS: An election promise, That actually was an election promise as I recall it.

MR. DOODY: E.P.A. did not seem to think so.

MR. ROBERTS: It is part of the price of Harold Collins being back.

MR. DOODY: I do not know. I do not think so.

MR. ROBERTS: I am sure so.

MR. DOODY: Anyway what is important is that the industry is saved and it is still here.

MR. ROBERTS: It is good industry.

MR. DOODY: And it is a very necessary one and it is one I think that is well worth preserving.

MR. ROBERTS: I agree.

MR. SIMMONS: Alive and well.

MR. DOODY: Alive and reasonably well. I fully expect they will need some more attention during the present year.

MR. ROBERTS: Does the minister expect they will require further financial assistance?

MR. DOODY: I expect that they will need further attention this year. But I fully expect that it will be done in a way that the Province's interests will be well -

MR. ROBERTS: Well I think it is money well spent.

MR. DOODY: Yes.

MR. ROBERTS: Without E.P.A. this Province -

MR. DOODY: It is a situation, like somebody once said, if E.P.A. were not there we would have to invent them or something of that nature.

MR.DOODY: In any event that is what that was for the Head 1. Consolidated Fund Service:\$200,000 was extra expenses incurred over that which was anticipated in the raising and servicing of bond issues and the sinking fund, which was once again explained when the warrants are tabled. The Legislative \$200,000 is extra allowances and expenses and salaries of the Legislative Assembly. \$63,000 is extra in the Executive Council. There is an extra warrant there. There is an extra warrant in Head 6: \$4.7 million for Education. Head 7: Justice, a warrant for \$459,000. Head 8: Social Services,extra \$1.2 million . Head 9: Rehabilitation and Recreation was \$5.9 million. As I remember that one was mostly I think extra assistance for Homes for the Aged and Waterford and the one on the West Coast. Western Memorial.

AN.HON.MEMBER: Well spent.

MR.DOODY: \$4.7 million on Education. I do not know if the hon. minister has it there but I will try to dig it out here. Here it is,as the Hon. Minister of Education would say, as usual it is on the bottom of the pile. Additional funds were required for sub-division 605-03-01, Salaries of Teachers and Superintendents,the amount of \$4.7 million resulting from the recently negotiated salary increases awarded to teachers retroactive to Sept 1, 1976. It was the direct result of the last contract, last teachers' salary contract, for which I received a tremendous amount of fan mail also.

MR.NEARY: Other expenditures,too.

MR.DOODY: Right. Social Services, Rehabilitation, Recreation Head X11. Forestry and Agriculture, \$1 million special warrant. I think that half of that is for that special works programme, the other half is for agriculture, for farm products. There is \$100,000 in Head X111. Tourism. That was a works programme also, if I remember correctly,for the Parks. Head X1V Fisheries,\$910,000 ; Head XV: Industrial Development \$500,000; Head XVI: Rural Development \$860,000; \$500,000 was for special assistance to

MR. DOODY: sawmills. There was \$300,000 for special ARDA grants, some twenty extra ARDA, joint-shared ARDA Grants with the Federal Government that is one of these fifty-fifty programmes.

Head XVII: Transportation and Communication, \$5 million:

Head XIX Municipal Affairs and Housing \$2.5 million for the

sum total of \$102, 654,600 which is

MR. DOODY: the sum total and any questions or comments or what have you will be most welcome.

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

MR. SIMMONS: Mr. Chairman, I did not realize this was coming up so soon. I did not have all my figures with me but off the top of my head just two or three things. First of all, the size of the supplementary supply - \$102 million, nearly \$103 million, about ten per cent of the budget for the related fiscal year, ten per cent of the total, an amount approximately ten per cent of the total budget approved without any reference to the House.

Now, Mr. Chairman, we all know the purpose of special warrants. And putting it rather concisely, but I believe fairly accurately, special warrants are intended, or designed in our statutes to meet exigencies, emergencies, emergency situations that could not have been foreseen at the time of the budgetary preparations, the time of the prognostications, the financial guesswork that must go on to put together a budget however big or however small.

Mr. Chairman, when the emergency provision is availed of on such a large scale, a scale which approximates ten per cent of your total spending in a given year, then I believe it is time to call a halt, it is time to have a close look, a scrutinizing review of the situation.

One of the big items in that - indeed I suppose the largest single amount, yes it is, of course it is, it is three-quarters of the total, the largest single amount is the Gull Island loan, the loan to the Gull Island subsidiary of Hydro. The significant wording in that particular warrant, Mr. Chairman, is this, "This sum is urgently required to enable the government to cover anticipated expenditures." Anticipated, anticipated at what point in time? I would suggest, and I have to do my homework a little better, I have to check back on the - over supper, check back on the sequence of events here and

MR. SIMMONS: the time schedule we are dealing in, certainly the anticipated expenditure it seems to me is one that was anticipated at the time the budget for the year under review, or to which this relates, was being drawn up. That is a matter that needs to be checked. Perhaps the minister can respond to that because depending on what he says I would have more to say on that particular subject.

MR. DOODY: It was anticipated that the project would be going on but it was not anticipated that it would come to a halt.

MR. SIMMONS: The decision to halt was made subsequent to the introduction of the budget for the particular year. Yes. Yes. Okay.

MR. DOODY: That was why the (inaudible). financing for the project because the project was stopped.

MR. SIMMONS: Yes. Yes. Okay.

Mr. Chairman, the other figure that I want to introduce into the debate here for a moment is a set of figures which occurs each year in appendix (4) of the estimates.

MR. DOODY: Where?

MR. SIMMONS: Appendix (4).

I made brief reference to this matter the other day but I just want to draw the Committee's attention to it and relate it to this particular debate before us now.

Under appendix (4) we have in the year that we are now approving the estimates for, we have a total amount - \$39 million. I do not have the figures for the previous year but it was of the order of \$25 million or \$30 million or so. Here in this particular year it is \$39 million. Now in the Public Accounts Committee the past few weeks we have been looking at this particular

MR. SIMMONS: appendix and the net impression that I get from the brief scrutiny we have done is that this is a fairly flexible sum of money in terms of where it actually gets spent.

Now it is true, as the Minister of Public Works pointed out the other night, that a fair amount of this is fixed or reasonably fixed cost. I am talking about the items for maintenance and so on in appendix (4). But by and large, Mr. Chairman, the \$30 million or \$39 million in this case is a fairly flexible amount in terms of its ultimate use, whether it is used, for example, for maintenance on a particular building or on another building or whether it gets used for the capital alterations to a building -

MR. DOODY: \$39 million was the estimated for the coming year.

MR. SIMMONS: I made clear that this - and I said a moment ago that I did not have the figure with me but it was probably of the order of \$25 million or \$30 million in the preceeding year perhaps, just to use a ballpark figure, the amount is not - well the minister can get it in a moment I would think.

The point I wanted to make on this appendix, whatever the amount, is that the -

MR. DOODY: \$37.9 million.

MR. SIMMONS: Well \$38 million last year so it is a fairly constant - not a constant amount but a gradually increasing amount - \$38 million last year, \$39 million this year. Something of the order of \$35 million to \$40 million which is fairly flexible in terms of where it is spent, whether it is spent on the Health Sciences Complex, for example, or on some capital project elsewhere in the Province, or on bridge construction, maintenance, whether it is done on the hangar where the aircraft are at Torbay which we had an opportunity to look at this afternoon, me and my colleagues on the Public Accounts Committee, or whether it is the LeMarchant

MR. SIMMONS: Road building which we looked at last week, or whether it is the Fisheries College Complex or some other building that is owned by -

AN HON. MEMBER: (First part inaudible).

He is not asking the question.

MR. SIMMONS: Oh no, no, no. I am aware he is not. No, no, no. I am aware he is not. I am proceeding to tie together two amounts of money, the supplementary supply being requested, and the appendix (4), and I am intending to do it for a purpose that I submit is related to the matter under debate. I realize that the Minister of Public Works himself has no request before the Committee for supplementary supply. I realize that. I am using it as an example to develop a line of thought in a moment.

The \$38 million last year, the \$39 million this year, is a flexible amount in terms of where it ultimately gets spent and we have already found this out in discussions in Public Accounts, and I mention Public Accounts because that is where I happen to get my bit of education on this subject. But that little bit of education is equally available to anybody who scrutinizes the figures in appendix (4).

\$38 million - here we have another \$102 million, these two figures total \$140 million. These are just two figures Mr. Chairman, out of a total year's expenditure. If we looked around and had time to have a look at this we could probably find other figures that fall into this category, and here is the category: The category of expenditures over which this House has no effective control except after the fact. What we are doing here, Mr. Chairman, this evening, let us be clear, is strictly a rubber stamp job, rubber stamp. We are going to rubber stamp a dozen or so or more special warrants.

MR. DOODY: As I said before, it is voted department by department.

The House rules -

MR. SIMMONS: Yes, I am aware. On appendix (4) the total is voted but the evidence that we have and the evidence I am talking about is evidence of actual expenditures as compared to voted expenditures. And so I say to the minister that the amount if he wants to look - which budget is he looking at?

MR. DOODY: I just happened to pick the new one.

MR. SIMMONS: Okay. The minister, for example, wants to look at page 140, just to pick any example at all, and look at the fourth column from the right - construction and alterations and there is a vote there say for courts - \$663,500 - under construction and alterations, page 140. Okay? \$663,000. Down say under - and I am just picking them at random - under, you can pick anyone at all, I was looking for one that was not a building but another classification of job -

MR. DOODY: If you will look at the Justice vote you will see under each subhead, you know, expenses voted in other departments.

MR. SIMMONS: I think

MR. SIMMONS: now if the Minister would just follow me just for about thirty seconds. Now, I think the Minister is just missing the point I am wanting to make, though. If he would look at Page 140 and 141, and let me refer him to two figures in the column, 'Construction and Alterations'.

MR. DOODY: Right.

MR. SIMMONS: Take the figure, for example,
Head 703-09 - Courts - \$663,500 -

MR. DOODY: Fine.

MR. SIMMONS: \$663,500 -

MR. DOODY: Yes.

MR. SIMMONS: - and then look down towards the bottom, in other words on Page 141 -

MR. DOODY: But just before you leave that, go back to the Justice Subhead -

MR. SIMMONS: I am aware of that.

MR. DOODY: - and see where in a general construction, Constructions and Alterations, capital, is \$641,000 -

MR. SIMMONS: I am aware of that, I am aware of that -

MR. DOODY: It is voted in Justice and transferred to Public Works.

MR. SIMMONS: I realize that and I have been through that, but I think, if the Minister would just hear me out one more sentence -

MR. DOODY: I see where you are going. It may be transferred to some other Department.

MR. SIMMONS: The transfer is what I am talking about -

MR. DOODY: All right.

MR. SIMMONS: - that under Bridges, for example, in Transportation, we have \$1.1 million. Theoretically, and it has happened in fact, last year - 1975-1976 year - I believe something of the order of \$13 million were transferred to other Departments other than those in which they were actually voted. That is my point. Yes, oh yes, the Public Works Department has assumed - or taken upon itself - or has exercised a discretion to re-allocate, and the two figures I was referring

MR. SIMMONS: the Minister to are just by way of example. Suppose, for instance, they decided for some reason they could not incur the expenditure under Courts in that year, because the plans were not ready or something. They would say, 'Well, that is an extra \$600,000 we have for bridges.' And they were actually doing this - and they did it to the order of, I think, \$13 million.

MR. DOODY: With or without Treasury Board approval.

MR. SIMMONS: Without.

MR. DOODY: Without.

MR. SIMMONS: Yes.

MR. DOODY: With.

MR. SIMMONS: No, no, without.

MR. DOODY: No.

MR. SIMMONS: Oh, yes.

MR. DOODY: If it were with it it would not have been in the Auditor General's Report.

MR. SIMMONS: Oh, no, no, no. No, no!

MR. DOODY: No.

MR. SIMMONS: No. It is without, and again, we can double-check that one. But do you see the point I am pursuing? - That you have here, represented in appendix form - I just refer you to the appendix rather than the several departments because it sums it up in three or four pages in appendix form. And it relates to almost every department of government, you realize. But you have there in this particular year now, or the year we are going into, \$39 million, or last year \$38 million. You have \$38 million, a large amount of which, and theoretically all, but in effect never all I suppose - but theoretically, you have \$38 million which can be shunted around from one department to another without any reference to the House of Assembly. Now you are talking large sums of money when you are talking \$38 million there and another \$102 million here - \$140 million expenditure which is being incurred, which is being decided upon without any direct reference to the House of Assembly. Now, Mr. Chairman, if our budget were of the order of the federal budget or of the Ontario budget, staggering sums of money by our yardstick here, then I suppose the \$140 million would be not more than a drop, or two or three drops in an awfully large bucket.

MR. SIMMONS: But in this particular case here, Mr. Chairman, \$140 million out of a billion dollar budget or a \$900 million budget, Mr. Chairman, is a sizeable chunk - a sizeable chunk of the taxpayers' money -

MR. DOODY: This Appendix 4 is an example.

MR. SIMMONS: - too sizeable a chunk, too large a chunk, Mr. Chairman, to be committed by the decision of a Cabinet of fifteen or sixteen, as in effect special warrants are, or to be committed by a civil servant or two or three civil servants acting with or without the direction of his superiors in a given department of government - in this particular case, the Department of Public Works. That is too much money relatively speaking and absolutely speaking. That is too much money. Keeping in mind our scarce resources and the need to expend as carefully as possible our funds, it is too much money to have allocated in such, I was going to say, slap-happy a fashion, but that would - haphazard a fashion might be a kinder term - in such haphazard a fashion. It is not haphazard in the sense that there is a procedure, but I disagree with the procedure. I do not disagree with the procedure of special warrants, Mr. Chairman. You will always need them unless you are going to have government that comes to a complete standstill when the House is not open. And who would advocate that? But, Mr. Chairman, the sin is not in having special warrants. You are having the provision in the Financial Administration Act for special warrants. The sin is in taking undue advantage of that provision. And I submit,

MR. SIMMONS: Mr. Chairman, that deciding to spend one-tenth of a total budget through the route of special warrants is taking undue advantage of a provision that was put there for emergency reasons only, for reasons of exigency, absolute emergency, the kind of emergency that could not await the reopening of the House of Assembly.

Mr. Chairman, when the minister - and we are in Committee so obviously the minister can reply without closing debate, that is true. I was forgetting that for the moment - when the minister gets an occasion to respond, I would in particular like for him to address himself to the Gull Island loan, the timing of it as it relates to the other events, the decision to halt, and how that relates to the timing of the 1975-76 budget. I also would like some explanation of the sentence, or part which says, The sum is urgently required. At what point in time were we in default? Or were we in jeopardy somehow if we did not do it at that particular time? The warrant was issued January 19. Is it something that could not have waited for the new budget year to take effect? These questions need some more answers than we have at this particular moment.

Now, Mr. Chairman, we on this side fully intend to avail of this opportunity of Supplementary Supply to talk about one or two of the issues that I believe the rules permit us to raise here. One of them is obviously going to be the Gull Island issue. We have some other issues which are raised directly here; the issue of Newfoundland Farm Products. Somewhere along the line there has to be an accountability on what is going on with Newfoundland Farm Products. I am not given by nature to spending a lot of my time listening to rumours, but there gets to be a point where you cannot ignore everything you hear. If the Farm

MR. SIMMONS: Products operation on the West Coast is run one-tenth as sloppily and inefficiently and expensively as I hear, then I cannot help but wonder out loud why we continue to pump additional money into it.

Now I believe, if my memory serves me right, that this amount of money was for the facility here on the East Coast rather than the West Coast. As I remember there was some reference to it.

AN HON. MEMBER: It was made here.

MR. SIMMONS: Yes, the reference was made to it in the House, I think, by the minister and I believe it relates to the facility out here. I want it clearly understood that I have no firsthand knowledge of how the facility operates here and I do not want my comments to be interpreted as referring to what I will call the East Coast facility.

The facility of the West Coast, Mr. Chairman, must be an utter shambles. It must be dollar for dollar the most expensive operation of government, the most expensive operation of government in terms of value received. I understand that the abattoir itself operates on a - I am sorry, the minister -

MR. DOODY: The additional requirement of \$428,000 was required for sub-division so-and-so, and so-and-so grant to Newfoundland Farm Products because of one; reduced market returns due to depressed market conditions Canada-wide, \$125,000; to additional labour costs at Corner Brook due to accelerated pace of production, \$155,000. The products came in faster than they had anticipated apparently. Two, inflationary pressures on maintenance costs, heat, light and power, \$95,000. Increased costs of operating vehicles, \$4,400. Additional costs of replacement vehicles \$9,000; and there is a \$72,000 capital for Farm Products for a

PRELIMINARY
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TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
8:00 p.m. - 11:00 p.m.
TUESDAY, MAY 31, 1977

The House resumed at 8:00 P.M.

Mr. Chairman in the Chair.

MR. CHAIRMAN: Order, please!

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

MR. MARSHALL: Mr. Chairman, the previous member who was speaking apparently is not here. I speak on this motion because I understand that the various heads of the estimates, the Supplementary Supply, are not going to be called. Now of course we know what the Supplementary Supply is; it is for additional money that is necessary over and above that which was budgeted for the previous financial year. In a way, I suppose, this Supplementary Supply is not really a true Supplementary Supply because it involves an amount of \$78 million for the Lower Churchill. But in fact and in principle this House passed upon the Lower Churchill expenditure, the Gull Island expenditure, in December of 1975 when a resolution was brought before this House by the then Minister of Mines and Energy, Mr. Crosbie, to approve an expenditure then stated to be up to \$55 million for the Gull Island project upon certain conditions. And those conditions were very, very relevant, Mr. Chairman, and they were, to me anyway, conditions that were at the time unacceptable to vote for the continuation of the Gull Island project on that particular basis.

In essence what had happened at that time as we all know, the Gull Island project originally envisaged the development of the Lower Churchill and the transmission of power from the Lower Churchill to the Island of Newfoundland. At the time a feasibility study was carried out by Teshmont-Zinder Associates and

MR. MARSHALL: the amount estimated was \$1.1 billion. This was in February of 1974. In September of 1975, a few months before this resolution was brought before the House, this same group of consultants gave a report that the project had escalated within that period of time, the costs had escalated to in excess of \$2.3 billion.

The cost being so great, Mr. Chairman, it was necessary for the government obviously to come back into the House of Assembly and to rearrange its plans. The resolution at the time

MR. MARSHALL: stated that instead of going ahead and developing the site of the Lower Churchill and Gull Island and attaining their power from there, that they would attain the power from the Upper Churchill. This was the power, of course, that was being generated by CFLCo and had been transferred to Hydro Quebec. It was at the time then of the modified project that approval was sought for the expenditure of development in the Gull Island project, that is the revised Gull Island project.

Now what happened was it was conceded at that particular time when the statements were brought in - there was no attempt whatsoever to hide anything, obviously. That was left for the members and the Government of the other side, in their sojourn over there - but it was brought in before this Committee. Mr. Chairman, that the facts, the plain, basic facts were that we had to get the permission of Hydro Quebec, a corporation of the Government of Quebec, in order to get adequate power to justify this modified project because, you see, we were not getting the power any more from the Gull Island site but from Hydro Quebec.

Hydro Quebec, as we know from this afternoon, and as we have known for a long period of time, has the power of the Upper Churchill tied up. There are certain agreements whereby the province could regain a certain amount of the power. This was not enough in itself to justify the modified project and more had to be attained from Hydro Quebec. Furthermore, at the time when permission was sought the financing was not into effect, the financing had not been placed into effect, the contemplated contribution by and from the Federal Government was not available

Now despite these factors, the position, as I say, was clearly put. The Minister of Mines and Energy at the time brought in a resolution which was endorsed by the government and it was agreed to expend this extra amount of money. Now at the time myself and the member for St. John's North (Mr. J. Carter) voted

MR. MARSHALL: against this, because we had certain reservations about it. Perhaps that is why this is the time to reflect upon these reasons because as much as one would like perhaps for the matter to go through without a great deal of debate one way or the other, it is a fact that mistakes are made by governments from time to time over again, and I think that when they are they ought to be looked at in the hopes that the same situations will not occur again.

But more importantly, I am making these observations, Mr. Chairman, in going into this particular expenditure we now have because I have certain suggestions that I think the government should follow, suggestions that I made when it was previously brought in and I choose then to follow the then Minister of Mines and Energy which was their habit, and which was their prerogative at the time, but I am going to make at the end of this now, and the reason I am making this statement is to make a few, what I hope to be, positive suggestions with respect to it.

Now, Mr. Chairman, when this resolution came before the House of Assembly and the Committee, at the time we got up and we voiced our objections, and our objections were based on three main premises. First of all, the obvious one was that there had been no agreement secured with Hydro Quebec for the provision of the residue power to justify the project. That was number one. And number two, there had been no agreement with the federal government to provide the

MR. MARSHALL:

necessary financing. And number three, and number three should not be forgotten because I will go into it before I finish speaking today, was the fact that the escalations that were there at the time, which were reported at the time, were so great that they could not be attributed to normal inflationary processes; that there had necessarily to be themes omitted, items and considerations omitted from the feasibility report performed by Teshmont-Zinder Associates. And in view of the increased costs we thought it was necessary to take a complete look at the project because then, and perhaps now, it became tantamount to being against motherhood to speak anything against any process for the provision of electrical energy or what have you to the Province. And our objections, those of the member for St. John's North (Mr. J. Carter) and myself, were not against the Lower Churchill as such anymore than they are today, but it was a certain necessary rational insistence that the costs of the project must be manageable by the Province, that we must be able, the consumers must be able to afford to buy the electricity in order to justify the project. And I think, as I will come to it later, Mr. Chairman, that that particular observation obtains, in a very real sense today.

So those were our objections. I sat here in the House and saw my colleagues on this side vote, which was their right as it was my right to cast a vote in a different way. I would much have preferred in this debate if the former member for St. John's West were here on the floor today because I sat down afterwards and I heard him make certain comments in his speech. He sloughed off the objections that we made as emanating from persons of timid and impractical nature. We were told at the time that we were impractical, that it was impractical to wait for Hydro Quebec, to wait for the permission of the government of Quebec because you would never get anything done. We were told that we were timid souls because we said to wait and get the financing and assurance of financing

MR. MARSHALL:

from the Federal Government. We were told other things as well, and perhaps it does not do any good to dwell on them, but I think quite frankly that there ought to be accountability of the people anywhere in the Province who take leadership and offer a certain leadership and direction in our affairs, and I think that it is necessary for me to make a few choice quotes that the then Minister of Mines and Energy made in response to these what we consider to be reasonable and rational objections.

In Hansard of December 22, 1975 he said: "Now two of the members, the member for St. John's East and the member for St. John's North, are so cautious and conservative and careful that they did not even want to take the risk. They say, 'No. Do not risk another dollar, do not borrow another dollar until you have the whole thing sewn up.' Now that is a counsel of perfection which cannot be achieved. It is the counsel that no government can act by because it will be impossible for Newfoundland ever to have matters agreed with the federal government or even to have matters agreed with Hydro Quebec." And further on in referring to this he said: "It is not practical advice because I suggest they are not practical men, I have no quarrel with them, They are both, I believe, friends of mine and I respect them, but they are not practical when they give us that counsel. If we are not prepared to take a risk ourselves," he said, "why should we expect answers or money or assistance from the Government of Canada or the Government of Quebec? We will never get it if we can take that timorous, timid approach, never! We will never - this project has no hope. So therefore we have to part company with our two colleagues on that because the advice they give us means that Lower Churchill power, Labrador power can never be brought to Newfoundland." And further on he goes on to say: "But if you are a wee timorous, cowardly, beastie, or whatever the words Robert Burns used," this is the former minister speaking, "you

MR. MARSHALL:

will not take the risk. We are just not plunging ahead,we are not jumping off a precipice,we are taking a cautious approach to it. But if we do not take this approach we can forget Labrador hydro power for Newfoundland. We can deliver it all, forget it and

MR. MARSHALL: leave it there until Quebec is ready to have it and use it in Quebec. We will never use it here in Newfoundland, and that is why we have to go forward." So those were the sentiments that were expressed by the member for St. John's West, the minister at the time, duly endorsed to a certain amount of semi-restrained desk thumping by the hon. members on the government side.

Now, Mr. Chairman, there are a few matters with respect to this decision. The fact that time bears one out as being right is not really any great comfort when we get to the stage that we are in right now, because we now have \$75 million, as was predicted at the time, which hopefully, and I know the Minister of Mines will probably speak in this debate, hopefully most of it will be recoverable. But I understand a fair amount of it has been paid out to various consultants and what have you, a certain amount of it has been paid out into irrecoverable expenses that will have to recur again, but hopefully the majority of it will be able to be used at some time in the future. But what cannot be used, Mr. Chairman, is the fact that we do have now \$75 million dollars that is gathering interest year after year at \$7.5 million.

Now I was concerned at the time the then member for St. John's West used the argument it would deliver us into the hands of Quebec if we stopped at that period of time. Now I did not agree with that and do not agree with it now. We are stopped now but we are not in the hands of Quebec. To go ahead in that manner was risking putting ourselves in the hands of Quebec but I know and have confidence that with this government we will not be.

But the other situation that comes about is that we are possibly putting ourselves in the hands of the federal government and it is on that I wish to pass a few comments. We spent this amount of money. It is a large amount of money, not

MR. MARSHALL: overly large in relation, I suppose, to the present day, not something that we cannot really absorb, but it would certainly hurt us. But the fact of the matter is we do have to ask ourselves whether we have delivered ourselves, I would not like to see us deliver ourselves into the hands of the federal government as a result of it. And I know that the Minister of Mines and Energy, I think he has announced his planning in the future, in the relatively near future to open up discussions again with Ottawa with a view to bringing about the development of the Lower Churchill.

Now I say I have utter confidence in the minister and in the government in this area, but I just want to pass on this work of caution, this real word of caution; the fact that we have already put \$75 million into this project should not force us into the hands of the federal government to come up with any agreement whatsoever with respect to the Lower Churchill which is going to result in the power generated from the Lower Churchill having to be transmitted to third parties - by third parties I mean outside of the Province of Newfoundland - in the same manner as we have tied up the power of the Upper Churchill for a long period of time. What must be done and what needs to be done and has to be done is any agreement made with the federal government has to be on the basis of power, which within a very short period of time may be recaptured at the will and the instance of the provincial government without there having to be any recourse to courts as to interpretation of the agreement.

In other words, within a very short period of time we should have the right to recapture whatever power, if any, and hopefully maybe none will, but whatever power if any would have to be transmitted from the development of the Lower Churchill westward. Now that is the first prerequisite.

MR. MARSHALL: I think the other thing that has to be done is a recognition of the policy with respect to power development in the Labrador area. In the first place I think that the power which has to be consumed by Newfoundlanders, be they on the Mainland part of the Province or the Island part of the Province, that every person in Newfoundland if they are on

MR. MARSHALL: the Island or the mainland for their own personal consumption and need should have an equal right. When we are talking about the use of power for industrial development, as it has been referred to - and industrial development is another questions, what type of industrial development we should have - I think there should be a recognition, really, in this Province, by this government that the first priority or the first call on our power resources in Labrador should be industrial development in Labrador firstly, and then, second priority, industrial development of the Island of Newfoundland. I think that that particular policy is one that should pertain and should prevail. But most of all, I wish to caution, and I wish to caution this government very clearly, that I do hope that under no circumstances - now we do not want to get into the position of always being at loggerheads as we are with Ottawa or the federal government - that no matter what carrots they hold out, I do hope that they will not be now in a position, as a result of the large investment already made, of having delivered themselves into the hands of the federal government in the sense that the federal government can demand really long-term contracts for the power which is generated in this Province. Because that power belongs to the people of this Province and it is only by taking the steps and the proper stands and negotiating the proper agreements now, as we have seen with the Upper Churchill, that we can protect our resources for the people in the years to come. So that is the first thing, that is the first item, Mr. Chairman.

The other thing I would like to do is to take a look at the feasibility study done by the Teshmont - Zinder Associates. We were great advocates on this side of the House of feasibility studies, and certainly no major project ought to be entered into at

Mr. Marshall.

any time without there being an extensive feasibility study being done. And such appeared to be anyway the Teshmont - Zinder feasibility study. But what feasibilities studies? It does not mean that just because you have a feasibility study by a group of experts, be they consultants, public servants or what have you, that you necessarily have to accept all of their conclusions by rote, because one of the purposes of a feasibility study is to break down what would to an ordinary person who is not a professional in that field, is not a technician in that field, a probably very large, complex and difficult subject so that persons with intelligence can sit down - the ordinary chap can sit down and read out and break it down into component parts and study it and look at it and digest it. And such was the feasibility study of Teshmont - Zinder. It was an expensive one, a good one which came out. It does not mean that we have to slavishly accept it and transfer by any means the responsibility of government, as it were, on to the experts, be they of Teshmont - Zinder or within the confines of the Confederation Building. Because what has concerned me and still concerns me greatly is the fact that there was this reported escalation from \$1.1 billion to \$2.3 billion in a very short period of time, between February 1974 and September 1975. And this escalation in dollar terms could not be entirely related, as I said, to inflation. There had to be, Mr. Chairman, certain things omitted from the original feasibility study itself.

Now the feasibility study of a project of that nature is mammoth, and it is gigantic, and is not really meant to be critical to turn around and say that there must have been omissions from the feasibility

study. But it is a little bit intended to be critical of those who have received it and seeing the escalation do not really call into question the feasibility study itself, because with that particular escalation, as I say, something had to be left off. I also think it is not wise for companies related to the company or the concern which does the feasibility study to have anything whatsoever to do with the construction or the

Mr. Marshall:

bringing about of a project, I think it should be entirely separate and distinct for obvious reasons.

Now in this particular case at that time in September 1975 we had an escalation to \$2.3 billions. And it is all very well to talk about power development, and certainly it is necessary, but we have also got to be mindful of the cost and the capacity and the ability of the people in this Province in all areas to be able to bear this cost. In other words, how it is going to be paid for?

So the second thing I would suggest in addition to not allowing yourself to fall into the hands of the federal government is before this project proceeds again at all to take an intensive and close look at the feasibility study and to up-date it, to have it questioned, and to have it retested in order to assure its accuracy. Because we have to ask ourselves really, you know, whether we are going to build another colossus and get into another area like the linerboard mill where extraneous factors cause the grave and serious problems later as they come on.

Another point I would like to bring out about the feasibility study itself, because this arose as well from the former hon. member for St. John's West, and I have not spoken about this before because I sat here in the House and I heard his comments, and his comments were to the effect, If we do not take this risk at the present time, he said, If we do not take this the project will never go ahead, and we must press on or there will be no future for this Province. And, Mr. Chairman, I utterly and completely reject that philosophy because that philosophy is nothing more than the translation of the develop or perish policy that got this Province up to its neck in the problems it is in at the present time.

AN HON. MEMBER: Hear, hear!

MR. MARSHALL: So this particular statement that, you know, to develop or perish attitude that we would never see the project going ahead unless we went into it, that is completely out as far as I am concerned. On the particular study itself the Teshmont-

MR. MARSHALL: Zinder study we come again to another concern that I would like to ask the minister about. It was always a concern to me that when this study was done by these people that a fair degree of reliance was placed on the necessity of bringing power to the Island of Newfoundland for the purpose of establishing certain industrial developments in this Province and this was the industrial development that was suggested in the petro-chemical plants, aluminum plants, oil refineries, and what have you. Now I would like that study looked at again for the purpose in light of the fact to see just what reliance was placed and has to be placed on the installation of those particular industries in order to justify all or any part of the Lower Churchill development. Because if that is, if this comes to pass we have to take a very close look at it because again I am utterly opposed, diametrically opposed to that type of industrial development and it came to me as a shock and surprise, Mr. Chairman, when I first read that Teshmont-Zinder Report and I saw that there was any reliance whatsoever upon this type of industry.

So in summary then, Mr. Chairman, I come to, I speak on this matter because I spoke on it once before in this House. And I took a different position, not the position taken, I would note, by the members of the Opposition; they voted against this resolution for different reasons, which I will not go into but which anyone who wishes to look at the historical reference to Hansard can see the reason why. They thought that the government generally speaking should not have shelved its overall plans without coming in with more information, etc. While I voted with them, myself and the member for St. John's North (Mr. J. Carter) we certainly did not vote with them for the same reason. But I think it is necessary, if you like, for Peyton Place to be revisited and to come back to this not for the purpose of saying I told you so, not for the purpose of showing that you are right or what have you; although I have to say that when I sat in this House, and I heard the hon. member for St. John's West,

MR. MARSHALL: at the particular time, make some of the statements which he made, even though they were probably made with tongue in cheek, I did not particularly appreciate being thus referred to because I took a particular stand that I thought was based on reason, and which now has come to light as being correct, that I did not particularly appreciate reference to Robert Burns and the 'wee and timorous beastie' and impractical

MR. MARSHALL: and what have you because what was practical and what is impractical experience has shown the light. That is not the purpose. My purpose in getting up is to caution the government on two or three things; first of all with all this money that has been spent out now, hopefully most of it will be able to be retrieved when the Lower Churchill goes ahead again, but one of the matters that I spoke about was the delivery of this Province into either the hands of the Province of Quebec or the hands of the federal government. And I would sincerely hope, as I say, that this government would not consider itself in any ways bound by any conditions that may be laid down by the federal government for the development of the Lower Churchill that long term power contracts have to go westward away from the Province of Newfoundland, be it the Mainland or Island part of the Province, and any such contracts that may be necessary should be very much the short term, should give us the undoubted and unquestioned right to recapture on the short-term basis as much power as we like from time to time, that government should evoke a policy that this power, wherever it is produced, should be available equally to all Newfoundlanders, be they on the Mainland or the Island part of the Province, for their own consumption needs, as it were, but have another policy with respect to the industrial development that where power is developed on the Mainland of Labrador, that the people in Labrador should have the first claim for any industrial developments as a result of it and the Island of Newfoundland gets second claim.

SOME HON. MEMBERS: Hear! Hear!

MR. MARSHALL: That is the first recommendation, Mr. Chairman, that I make. And the other thing, I beg and beseech the government, because before I did I brought up these three points, that there has to be a complete reassessment of this project considered in

MR. MARSHALL: relation to the present costs - not the present costs, the costs at the time when the project gets going again, there has to be a complete reassessment as far as I am concerned of the Tashmont-Zinder feasibility study, as good and all as it may be it proved within the space of a little more than a year that it had been out by \$1.4 billion and that could not be attributed, Mr. Chairman, to inflation over that period of time.

I should like the whole aspect and the whole philosophy of the project looked into because I do not want to see power generated in this Province for the purpose of merely the short-term construction jobs as we had which occurred in the development of the Upper Churchill. It has to be developed for a long term basis for the good of this Province but it has not to be developed in such a manner, Mr. Chairman, that we find ourselves involved in trying to get together industrial projects of the nature that we have seen in the past where the source of the raw material is completely foreign to this Province and where it is completely and absolutely impossible to carry out any rational type of industrialization in that area. I want to know just how much that feasibility study relies on the establishment of those industries for the purpose of sustaining the costs of development. Also we all want to know the overall cost on a long term basis, what it is going to cost the people of this Province and what have you.

So these are suggestions that I make arising out of this particular supplementary supply which would not, and in my opinion regrettably should not have to be voted by this House because what happened in my view anyway was predictable. So therefore, Mr. Chairman, I have to say this, having voted against the resolution, brought forth by the Minister of Mines and Energy for the reasons I gave, against the expenditure of this money, I cannot really in all reason turn around and vote for the approval of the expenditure of this money. I do not want to vote against the government on a money bill because quite frankly, and I do not mean this with any disrespect or slur against the hon. gentlemen there opposite, I would

MR. MARSHALL: walk I think barefoot from here to Vancouver and back again with Mr. Bren Kelly rather than see the Liberal party as it was constituted back in power in this Province. And from what I have seen in the Legislature and what I think the people of this Province have seen is that the Liberal party re-elected would be the same Liberal party of the past years. But that is my -

MR. WHITE: Nonsense!

MR. MARSHALL: Well that happens to be my assessment, okay? That happens to be my assessment, to be borne out one way or another in the future.

It is my position. As I say, I cannot vote for it. I am in a position where I cannot vote for this supplementary supply not having voted for the authorization of it. I do feel, Mr. Chairman, that there are certain lessons that can be learned from this, that have to be learned and I think that it is time really for the government to give the assurance that particularly the non-agreement with the federal government on any long-term contracts and also the position of the re-assessment of the project in its entirety before it is re-started again in any form, should be given in all fairness before anything is started because the roadway is too rocky and it is too dangerous to make any further mistakes with respect to this particular project.

MR. CHAIRMAN: Hon. member for LaPoile.

MR. NEARY: Mr. Chairman, how do the hon. gentlemen on the opposite side stomach that kind of an attitude? How do they put up with it at all? The hon. gentleman can make all the snide remarks he wants about walking from here to Vancouver with Bren Kelly and back again before he would join the Liberal party. The Liberal party would not take the hon. gentleman.

SOME HON MEMBERS: Hear, hear!

MR. NEARY: The hon. gentleman is ultra-conservative and it is no wonder, Mr. Chairman, that this Province is grinding to a halt with that kind of an attitude. I do not know if the hon. gentleman dominates his colleagues in the Cabinet or not but, Sir, with that

MR. NEARY: kind of an attitude Newfoundland is doomed. That is the ultimate in conservatism, in Torism. That is the biggest Tory speech I have heard in this House in a long time.

MR. WHITE: Since 1932.

MR. NEARY: Since 1932. That is right. And the hon. gentleman is back now for a few hours. He will get up and attack the former member for St. John's West. He will try and get himself interviewed on radio and television and disappear downtown again to earn some more money in his plush law office in the Royal Trust Building. And before the night is over we will hear from the member for St. John's North who will take the same position, and I would not be at all surprised if the member for Kilbride will follow suite. The Three Stooges will be up on their feet getting their little darts in and then they will disappear for another week or ten days and then come back and have another go at the government and get their names in the news again and then disappear again. That is the kind of a game they have been playing now for two or three years and the people of this Province are getting wise to it. And the people in St. John's are getting wise to it. And that is why I suggested some time ago it would be worthwhile to keep an attendance record in this House to see how often the hon. gentlemen are in their seats, the Three Stooges.

And I am not coming to the rescue of the government, but I happen to be one of the members of this House who voted for that project, who gave the green light for the go-ahead of the Lower Churchill and if I had my time back I would do it again.

MR. MARSHALL: That should have made you even more cautious.

MR. NEARY: Mr. Chairman, the fact that the development of the Lower Churchill failed, Sir, brings a sadness to this House and to me personally and I am sure to every Newfoundlander. There is not a Newfoundlander alive today who does not want to see that project go ahead, not only to create short-term employment but to generate badly needed electricity in this Province.

MR. J. CARTER: Why do you not talk about sharing costs?

MR. NEARY: Well, Mr. Chairman, I am coming to that. As a matter of fact, I am more convinced every day that Ottawa could do more to lift that project of the ground than they are doing. And at the time we voted in this House - and I was one of the people that voted in favour of going ahead with the tunnel underneath the Strait of Belle Isle, the transmission line and the development of the Lower Churchill - I was optimistic at the time that Ottawa would pitch in -

MR. J. CARTER: They would not share the \$55 million.

MR. NEARY: Well, maybe they would not share the \$55 million. But Ottawa should share

MR. CHAIRMAN:

more than \$55 million as far as that -

MR. J. CARTER: That is why we voted against it.

MR. NEARY: I beg your pardon?

MR. J. CARTER: That is why we voted against it, because Ottawa would not pony up.

MR. NEARY: Mr. Chairman, I am not going to praise Ottawa for not ponying up. They should pony up. This is a project that is in the national interests.

MR. J. CARTER: We agree.

MR. NEARY: All right. Well then at the time we were debating this and we were passing it, we were hoping that Ottawa would assist in this gigantic development. There is no way, Mr. Chairman, that this Province can go ahead with the development of the Lower Churchill, the hydro-transportation tunnel under the Straits of Belle Isle and the transmission line, there is no way we can go it alone. It is too expensive a project. Ottawa, DREE - I do not care who it is, but some department of government in Ottawa -

MR. J. CARTER: They weaseled out.

MR. NEARY: The hon. gentleman is putting words in my mouth.

MR. J. CARTER: Yes.

MR. NEARY: But they did weasel out, and they are continuing to weasel out, much to my disappointment and much to my chagrin, Sir, because Ottawa should be in there, both feet, into this project. It is a natural project. Mr. Chairman, I have said so often before in this hon. House that I should not have to say it again that the obvious thing, the natural thing to have in this Province is to have a continuation of the Trans-Canada Highway up the Great Northern Peninsula, a tunnel underneath the Straits of Belle Isle to carry the traffic across to the mainland part of this Province to Labrador, and to carry the transmission line and the development of the Lower Churchill and the electricity back to the Island of Newfoundland. It is a natural, Sir. And what gets me, what makes my blood boil is when I look at

Mr. Neary.

the millions and millions of dollars that Ottawa is flinging out for making wooden ducts and putting fences around graveyards and all kinds of other foolish projects, not that we do not need fences around graveyards.

MR. PECKFORD: Ottawa had a write-off of \$250 million overseas.

MR. NEARY: Yes, and my hon. friend is right, a write-off of \$250 million overseas. The money they are pouring in to the underdeveloped countries, and the money they are squandering and wasting, should all be put into this project, this kind of project where every foot of that tunnel is dug will be dug for Newfoundland and Canada. That is the kind of a project I would like to see. If they are talking about make-work programmes .

MR. DOODY: It could be if Quebec was not here.

MR. NEARY: Well, it is more urgent now, Sir. The hon. gentleman raises an interesting point. It is more urgent now because - and I know it is unthinkable, Sir, for Quebec to pull out of Confederation - but it is more urgent now for Newfoundland that we develop that natural resource that we have and that we build that tunnel underneath the Straits of Belle Isle. Otherwise if they pull out of Confederation, we are boxed in. They are laying claim to Labrador. As I said this afternoon, one of the planks in Rene Levesques' platform is to take over Labrador. Ultimately that is his objective, and if we do not start pushing full speed ahead for the development of that tunnel, Sir, we will be boxed in. We will never develop the natural resources that we have on the mainland part of this Province in Labrador. We will never get the Lower Churchill developed if we take the timid attitude that my hon. friend just took, the ultra-Conservative, the Tory attitude.

MR. J. CARTER: You agreed with us just now.

MR. NEARY: I did not agree with the hon. gentleman just now. I was for going ahead with the project, not stalling it.

MR. J. CARTER: Not if Ottawa did not share. You just finished saying that.

MR. NEARY: I just finished explaining to the hon. gentleman that I am disappointed that Ottawa has weaseled out and is still continuing to weasel out.

MR. J. CARTER: Right! You said without Ottawa, you agree.

MR. NEARY: There is a word, there is a sign of encouragement recently when Mr. Gillespie is asking the Premier of this Province to update the material, the date that is available on the Lower Churchill. That is a good sign.

MR. J. CARTER: You agree, without Ottawa we cannot go ahead.

MR. NEARY: Mr. Chairman, I just finished telling the hon. gentleman. I said it before when I voted in favour of starting the tunnel and the transmission line and the Lower Churchill, I said it then, I said it before the hon. gentleman came in the House, and I will repeat it again now, that Ottawa has to put literally millions and millions of dollars into this project to make it feasible.

DR. COLLINS: Would the hon. member permit a question?

Mr. Chairman, I would like to understand the position taken by the hon. member for LaPoile and I am not certain I have it right. If I understand what you have said to date is that Newfoundland could not possibly afford the Lower Churchill, it is just beyond our means and therefore that the federal government should make a much greater proportionate contribution to it than Newfoundland. In other words, they should put in the vast majority of the money. How would that be done? Would it be an outright grant to Newfoundland? What would be the mechanism for Ottawa giving that money to the project? Who would end up with control of the project?

MR. NEARY: Mr. Chairman, first of all the hon. gentleman is correct; it is virtually impossible for this Province, even if we had customers - Could the hon. Minister of Industrial Development just move his head there a little bit so I can see the hon. gentleman I am talking to. I thank the hon. gentleman. The hon. gentleman has a nice big head of hair and it is hard for me to see the hon. gentleman behind him there, a beautiful head of curly hair, getting a little thin on the top side. Mr. Chairman, it is virtually impossible, Sir, for this Province to undertake the construction of a tunnel underneath the Straits of Bell Isle, the cost of the transmission line and the development of the Lower Churchill unless Ottawa pumps substantial amounts of money into the project, and I am submitting, Mr. Chairman, to this hon. House that if the Government of Canada were concerned about unemployment in this country and about record unemployment in this Province, that instead of piddling away their money, millions of dollars, going down the drain on foolish projects that are of no value to the communities in which they are carried out, to the Province as a whole or to the nation, that instead of doing that, that

MR. NEARY: they undertake as a make-work programme, even if it takes ten, fifteen or twenty years to complete, to build a tunnel underneath the Straits of Bell Isle.

I do not know if that makes any sense to the hon. gentleman. I do not mean to do it with spoons, as Barbara Frum suggested that I meant several years ago when she interviewed me From Coast to Coast. When I was talking about a make-work project I said that most of the work would be done manually, the least equipment possible; I do not know if that is feasible or not but I did make that suggestion. But nevertheless, Mr. Chairman, what I am saying is that this money would be money spent to create employment, to create worthwhile employment so that every foot of that tunnel that is built, the people who are working on it, the Newfoundlanders who are working on it will know that they are building that for Newfoundland, they are doing something for their Province and they are doing something for their country, and that hon. crowd up in Ottawa that can only spend three or four hours in Newfoundland at a time, they cannot stomach us any longer, would know that they are getting value for their money, that they are linking the Island of Newfoundland to the Mainland of Newfoundland, Labrador, which is a natural thing to do.

Now, Sir, what is wrong with that? Does that make any sense at all or am I talking malarky?

AN HON. MEMBER: But the cost.

MR. NEARY: Mr. Chairman, how much would it cost? Sir, how much is it costing for unemployment insurance and welfare and other social welfare benefits?

MR. J. CARTER: How much is it?

MR. NEARY: Well I do not know. Even if it cost \$200 million or \$300 million - I am not an engineer - but even if it did, over a period just let us just say it cost \$300 million, just for argument's sake, over a period of ten years that would be \$30 million a year. Does the

MR. NEARY: hon. gentleman mean to sit there and tell me that Uncle Ottawa, the big government of Canada, cannot afford to put \$30 million a year into that tunnel and create jobs for Newfoundlanders.

MR. J. CARTER: They would like to put it somewhere else.

MR. NEARY: Yes, I know they would like to put it somewhere else. But, Sir, it is a natural and this is the kind of imagination and the kind of thinking that we need in this country and that is why I am all for going ahead, not sitting back on our haunches and waiting for something to happen, like Macawber, just going along on your merry way hoping that something would turn up. We have to make something turn up. And you know you would swear the way I am talking now, Sir, that I was a member of the administration, the case that I am making for this hon. House. It will not happen. Why will it not happen? Because the Government of Canada will not co-operate?

MR. MARSHALL: No, because most of the people here would move over to the other side.

MR. NEARY: Would move over to the other side if what happened?

MR. MARSHALL: If you tried to become a member of the administration, most of the people would go to the other side.

MR. NEARY: Mr. Chairman, the three hon. gentleman that I referred to earlier, Sir, were at one time members of

MR. NEARY: Her Majesty's Government and they got the flick. As I have so often said, they got the Royal Order of the Boot, one, two, three p the Three Stooges who were at one time members of the Cabinet. Now neither one of them are members of the Cabinet, and I can tell the hon. gentleman that I have been invited three times by his leader to join the Cabinet. How does the hon. gentleman like that, like them potatoes?

MR. J. CARTER: Somebody was in their cups.

MR. NEARY: Nobody was in their cups, Sir. Mr. Chairman, it is unfortunate indeed that that project did not go ahead when it should have gone ahead. I have nothing but words of condemnation for Ottawa for not co-operating in this gigantic project that is in the interest of this nation. DREE - my hon. friend asks me will it be grants? Why not grants? Dree has the resources, DREE flings out money right, left and centre for all kinds of projects that go belly up every day and they write them off right, left and centre, and here you have a natural, a project that cannot miss.

MR. STRACHAN: The causeway -

MR. NEARY: I beg your pardon?

MR. STRACHAN: Build a causeway instead.

MR. NEARY: No, the causeway is Eric Hiscock's philosophy. No, Sir, the tunnel is the only answer.

And, Mr. Chairman, we cannot develop the Lower Churchill - we can develop it yes, we cannot get customers on the Island, Mr. Chairman, until we find a way to get that power, that electricity from the Lower Churchill to the Island of Newfoundland, and the obvious way to do it is through a tunnel.

I heard the hon. the member for Twillingate (Mr. Smallwood) arguing today and saying, Well let us establish our legal rights. Well the hon. gentleman is going into court now. That will take another eight or

MR. NEARY: ten years and the lawyers will clean her, they finally found another mich cow, and eight or ten years from now it will be flung out of court, do decision, a hung jury and it will cost the taxpayers of this Province a small fortune. No judge or jury is going to say, Yes, you can have the power for economical reasons. What justification does the minister have for asking Quebec Hydro to pass us back 800 megawatts of power? What are we going to do with it if we get it?

MR. PECKFORD: Use it.

MR. NEARY: Use it for what?

MR. PECKFORD: Domestic.

MR. NEARY: Where are we going to use it?

MR. PECKFORD: By 1983 we are going to need close to 800 megawatts of power.

MR. NEARY: Where are we going to use it, I am asking the minister.

MR. PECKFORD: I am talking about -

MR. NEARY: Where? On the Island of Newfoundland? How are we going to get it here? How are we going to get it here?

MR. PECKFORD: Through a tunnel.

MR. NEARY: Ah! Now! Through a tunnel. There you go! I am glad the minister said it because that is precisely my argument.

MR. PECKFORD: Yes! Mine too!

MR. NEARY: That is precisely my argument, Sir. The projects go hand in glove.

MR. PECKFORD: Yes.

AN HON. MEMBER: Whom are you arguing with?

MR. NEARY: I just wanted the minister to admit that I was right.

MR. PECKFORD: Exactly.

MR. NEARY: And I was right a year ago.

MR. PECKFORD: Yes.

MR. NEARY: And I am right now.

MR. PECKFORD: Yes.

MR. WHITE: The tunnel is half built.

MR. NEARY: No, the tunnel is not half built.

I can tell the hon. gentleman how much of the tunnel is built.

MR. SIMMONS: They have only started the tunnel.

MR. NEARY: As a matter of fact, I can give hon. gentlemen the current status of the Gull Island project because the minister gave me the information in answer to a question. I do not know if the House has the information but I can tell the hon. gentlemen that at Gull Island the temporary 300 man camp is complete and operational, access is available from Goose Bay and from Churchill Falls, and clearing for the permanent camps is complete. The minister may want to change some of this because it may have to be updated, but I am going to give it out for the benefit of the House. Engineering is on average about 30 per cent complete. Is that correct?

MR. PECKFORD: Come again!

MR. NEARY: Engineering on the average is about 30 per cent complete. Drawings have been microfilmed -

MR. PECKFORD: Yes, that is all right.

MR. NEARY: - and together with all reports and backup information are in the GIPCL's possession.

MR. PECKFORD: Yes, Gull Island Power.

MR. NEARY: Survey work on the HVDC lines from Gull Island to St. John's is two-thirds complete.

MR. PECKFORD: Yes, that is right.

MR. NEARY: Tower and conductor design is about 30 per cent complete and all drawings, reports etc., are held by GIPCL.

MR. SIMMONS: Pronounce it.

MR. NEARY: At the Strait of Belle Isle permanent access has been developed, both shafts have been sunk fifty feet, for the benefit of my hon. friends, and collared. Head frames and diesel generator buildings and

MR. NEARY: 112-man camps have been erected on both sides. The hoist building at Pointe Amour has been erected and the hoist stored in it while the hoist

MR. NEARY: for Yankee Point is stored in hangar number two at Goose Bay. Diesel generators, compressors and other critical or valuable equipment is stored indoors. All buildings at all sites are secured and patrolled for protection of the inventory. Now consultants and surveyors - only one consultant, Teshmont, is still active on the project. Contracts with Lower Churchill Consultants (LCC) and Patrick Harrison Consultants on the hydro site and the Strait of Belle Isle crossing respectively have been terminated, unfortunately. While all survey contracts have been terminated two are still due to unresolved claims. In other words there are two outstanding who are in dispute with the government. Contracts and suppliers - all contracts have been terminated. Only one contractor - Commentation, is it? The shaft contractor has an outstanding claim. And it is being discussed directly with Gull Island Power Company Limited. Any purchase orders which could be cancelled were cancelled in November, 1975 and June, 1976 when the shutdowns took place, and apart from some minor tax problems all accounts are settled. The total estimated expenditure to the 31st of December, 1977 is \$78,312,000 composed of costs incurred, \$77 million; expenditures this current year \$1,312,000 - I have more information than the hon. Minister of Finance has - for a total of \$78,312,000.

Now, the main activities in 1977 are to resolve accounts outstanding from 1976, to complete the demobilization of Teshmont and to insure that all studies, drawings, etc. are in good order and readily retrievable. In addition, some engineering work is continuing to develop a better knowledge of ice conditions on the Lower Churchill and to monitor ice conditions on the Northern Peninsula, both of which will affect designs. Some work is also scheduled on advancing our knowledge of cable design for the Strait crossing by meeting with manufacturers, explaining the problems and inviting suggestions from them.

Now, Mr. Chairman, all that is well and good -

MR. STRACHAN: Would the hon. minister - member permit a question?

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Well, I sound like a minister I am giving out so much information.

MR. STRACHAN: You have given out more information than the minister.

MR. PECKFORD: I gave him the information. That is -

MR. STRACHAN: But the -

MR. PECKFORD: A point of order. A point of order - I am aggravated. Mr. Chairman, I resent that remark. I gave that information to the hon. member, and for the hon. member from Eagle River (Mr. Strachan) to indicate that there is more information from the other side than this side is completely untrue.

MR. STRACHAN: To that point of order, Mr. Chairman, the point I was trying to make was that the member from LaPoile (Mr. Neary) was prepared to make the information public whereas the minister was not.

MR. LUNDRIGAN: He has got you all fooled.

MR. PECKFORD: I did make it public. I tabled it in the House here.

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

MR. FLIGHT: Did you, 'Brian'?

MR. PECKFORD: Yes, This is not fair.

MR. CHAIRMAN: Order, please!

I would like to make a ruling on that point of order. I feel that it is just a point of explanation, not a point of order.

SOME HON. MEMBERS: Hear, hear!

MR. STRACHAN: Would the member permit a question -

MR. NEARY: Yes, I would.

MR. STRACHAN: - seeing we have a debate going?

Could the member tell us if there are any difficulties with the shaft or the drilling and could he give us information about what to expect from

MR. STRACHAN: the cores that have been taken in the tunnel, the difficulty they are going to have drilling below the fifty feet they have already gone?

AN HON. MEMBER: (Inaudible) the Privy Council.

MR. LUNDRIGAN: That is a question for the Order Paper.

MR. NEARY: Mr. Chairman, being an old miner myself, I would be reluctant to answer a question like that unless I had the plans and the diagrams in front of me.

MR. STRACHAN: Would the member table that one?

MR. NEARY: Oh, of course, Sir, I read from the document, Mr. Chairman, and I would be glad to. As a matter of fact, it has already been tabled.

MR. PECKFORD: Yes, it was already tabled.

MR. NEARY: And it should be. I am sure it is the first time that hon. gentlemen have had a complete and full report on what is happening, an updating of what is happening in the development of the Lower Churchill. But be that as it may, Mr. Chairman, the fact still remains, Sir, that the Government of Canada has now opened the door slightly. They have said, Mr. Gillespie has said to the minister and said to the premier, 'Give us an updating on the Lower Churchill.' And the minister I believe is in the process now of putting that package together, putting the information together for the Government of Canada.

MR. J. CARTER: It is too late. You will say it is election bait.

MR. NEARY: Well, it is better late than never. It may be they should have an election every year and then we get more things done. Maybe the people down in Ferryland, and this is the third stab they have had at a by-election down there, maybe they will get their stadium in Ferryland this time.

AN HON. MEMBER: Is it a federal election?

MR. NEARY: No, the by-election down there is provincial.

MR. DOODY: Yes, but they have federal by-elections too.

MR. NEARY: This is the third time now and maybe they

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MR. NEARY: will get their stadium the third time around. Maybe the third time is lucky. But, Sir, if there is going to be a federal election and we can get an agreement on the tunnel and the development of the Lower Churchill, I would say well, let us have an election -

AN HON. MEMBER:

Right.

MR. NEARY:

- not every

MR. NEARY: year but every six months if that is the only way to get things done. But at the moment we are stalled and it is frustrating and it is driving everybody in this Province completely bonkers that here you have this natural resource, the Lower Churchill - people have lost confidence; they do not believe it is going to go ahead. They have lost faith in the administration. Is it possible, Mr. Chairman, that the Government of Canada have so much contempt and so little regard for the administration in this Province that they will not co-operate? Is that the reason every minister practically in his turn has taken a whack at the Government of Canada? Is this the reason they are stalling? Is the relationship between the Province and the Government of Canada deteriorated to the extent that the Government of Canada do not trust this hon. crowd and will not co-operate and not work along in developing the Lower Churchill and building the tunnel underneath the Straits of Belle Isle? Is that the reason? Do we have to change the government? Do we have to get a Liberal Government back in this Province to lift that project off the ground?

MR. FLIGHT: Right on!

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Are we still on the twenty minute rule?

SOME HON. MEMBERS: No, forty-five minutes.

MR. NEARY: Oh my.

MR. DOODY: This may be your inaugural speech for the leadership.

MR. NEARY: Mr. Chairman, I am happy to report to the hon. gentleman that as of today I have 349 ballots back from LaPoile district, 349 as of this afternoon out of a total 2,500 householder ballots that were sent out

MR. NEARY: giving the people four choices, four choices:

join the regular Liberals -

MR. CHAIRMAN: Order, please! Order, please! I think that the hon. member is not relevant, although the information appears to be of interest to the Committee!

MR. NEARY: Mr. Chairman, if I may point out to Your Honour without being discourteous, Sir, Legislative is one of the votes under this heading, Legislative is, Sir, and it is pretty wide ranging. We are not just debating the Lower Churchill, Mr. Chairman.

MR. DOODY: Canada's political future is at stake.

MR. NEARY: That is right. That is right. But anyway, Mr. Chairman, I will not go into it, Mr. Chairman, I will abide by Your Honour's ruling.

MR. CHAIRMAN: I will retract that ruling and the hon. member may give the information to the House.

MR. NEARY: I thank you.

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: Mr. Chairman, this is indeed a historic moment in this hon. House. It is the first time that a member got the Chairman to retract. And I can tell the hon. gentleman -

MR. DOODY: We cannot stand the suspense.

MR. NEARY: I cannot tell the hon. gentleman what the count is, what the verdict is, but I can tell the hon. gentleman that the people have four choices; join the regular Liberals; cross the House and join the PC's; carry on as an Independent Liberal, or join the NDP.

MR. DOODY: You did not give them the obvious choice.

SOME HON. MEMBERS: Hear! Hear!

MR. NEARY: Mr. Chairman, the ballots are just pouring in and maybe before this session of the House ends I will be able to announce the results to hon. gentlemen.

AN HON. MEMBER: Who votes for the other side's choice?

MR. NEARY: Well, I cannot divulge the count at the moment because I do not know what it is, I have to get an independent group to count the ballots.

MR. DOODY: Who is looking after this now, one of these firms here in town?

MR. NEARY: No. But maybe I will get a firm of accountants to do it and I might say on the other research project that I am doing for the benefit of the Labrador members, I have gotten so far 208 returns, questionnaires back out of a total of 400, which is not too bad.

So, Mr. Chairman, getting back to the - and I want to get off this and get on another topic in a moment - getting back to the development, Sir, of the Lower Churchill and the tunnel and the transmission line and ultimately a railroad across Labrador, the Government of Canada had to play a major role in this development. This poor little old Province cannot go it alone. Even if we had customers for the electricity produced on the Lower Churchill we still cannot afford the project. The Government of Canada has to get in with both feet and I believe they will if they are approached in the right way and the proposition is put to them straightforward and it looks like a good proposition. They will get good returns for their money. They will create employment, badly needed jobs, employment for our people who will be doing something worthwhile and not just out working for welfare because these LIP projects, Canada Works, they have all the stigma of just being hand-outs and welfare. What better project could you undertake, Sir, than to build that tunnel underneath

MR. NEARY: the Straits of Belle Isle and have people working, doing something productive for their Province and for their nation. You know, sometimes I wonder if I am not ten years ahead of my time. I suggested it about eight or ten years ago, I made this suggestion, and Barbara Fromm sneered at me from end of this Province -

MR. J. CARTER: Building the tunnel without a road!

MR. NEARY: Without - no, Sir! Mr. Chairman, my concept would be a tunnel - transportation, hyphen, hydro-tunnel to transmit the power, the electricity. Then a railway, because it is very unlikely, Sir, you are going to get - you may, but it is very unlikely - but I think a railway would be more feasible across Labrador at this particular time with the third rail put in, maybe using diesel in the beginning, but with the third rail so that you can have electrically operated trains across Labrador. Open her up Have we lost, Mr. Chairman, have we lost our sense of pioneering in this country? Every frontier that was pioneered in the world a railway was driven through, a rail line was put through. How did they develop the West? What is that programme they had on television?

AN HON. MEMBER: Go west, young man.

MR. NEARY: No, The Canadian Dream What about The Canadian Dream?

MR. DOODY: I think it was The National Dream.

MR. NEARY: The National Dream. Have we lost our imagination and our initiative and our sense of direction and our priorities and our drive? Have we lost that spirit that brought about the national dream? In this Province the national dream is to develop Labrador, the Provincial Dream, Put a railway or a road, if you can get the co-operation of the government of Canada on a 90-10 basis, to build road or to complete what road you have there. I would suspect probably the most practical thing for the next few years would be a railway.

And it is more urgent now, Mr. Chairman, as I said when I began my remarks, because of the threat of Quebec pulling

MR. NEARY: out of Confederation and jamming us in, because members know, they should not have to be told, that you can only ship out of Labrador five or six months out of a year. And if Quebec ever pulls out and we are boxed in what do we do? We will just have a land mass there that is useless. We will never be able to develop it. I am glad to see that they got this new ferry service across the Strait of Belle Isle this year. I have no doubt but that will have to be there for the - even if you started a tunnel - the ferry service would have to be there for another ten or fifteen or twenty years until the tunnel is built. It does not make any difference how long it takes to build a tunnel, if it takes ten years, that is ten years of people working and producing and doing something for their country. It is better than welfare and unemployment insurance.

And I wish someone could go up and do a selling job on Ottawa, My God, if I could only indoctrinate my friend the member for Twillingate and get him to go off to Ottawa as a salesman for this idea of building this tunnel under the Strait of Belle Isle. Because only then, the hon. minister will probably tell us this,

only then will you get the Lower Churchill developed unless you are prepared to export the power out of this Province the same as is happening to the Upper Churchill. And we do not want that to happen.

MR. J. CARTER: He is the one who gave it all away.

MR. NEARY: Who is?

MR. J. CARTER: The former Premier.

MR. NEARY: Now let us be fair about it. I know the hon. member for St. John's North is a skinful of hatred as far as the hon. gentleman is concerned, but the hon. gentleman is not for giving anything away. Now, Mr. Chairman, if I can switch to another topic for a moment under this sub-head, and that is in connection, Sir, with the - Incidentally, I might say that the Minister of Finance would have probably come into this

MR. NEARY: House this session asking for the lowest amount of supplementary supply ever, at least since Confederation, had it not been for this \$78 million that the minister is asking for to pay off the contractors and the bills in connection with the Lower Churchill. It would be a very small supplementary supply indeed.

MR. DOODY: Good estimating.

MR. NEARY: Well, it is not bad estimating. I do not know if the minister is responsible for it or not. I will give him credit, give him an assist on it. But there is another item in there, a fairly substantial item, Sir, and that is one to pay the interest on the loan - I do not know if there is any money for the principle or not - that was given to EPA back before the last provincial election.

MR. DOODY: Yes, that is right. There is a \$1.5 million

Mr. Doody.

grant and a \$1.5 million loan.

MR. NEARY: Well, here is another case, Sir. Here is another case of where Ottawa - I do not know whether a deal was made, whether the Premier jumped the gun because there was an election coming up or an election on, the Premier jumped the gun without an agreement with DREE or with the Government of Canada, but my understanding, Mr. Chairman, is that half of that \$3 million that was given to EPA to keep them afloat, half of that was supposed to have come from the Government of Canada. And now we find that the Province is on the hook for the full amount. What happened? Would the minister tell us. When the hon. gentleman gets an opportunity to speak again on this resolution, would the hon. gentleman tell us what happened? Was there an agreement? Did they weasel out of it? Did the Premier jump the gun? Was it a political promise? Precisely what happened? Why is it now that the taxpayers of this Province have to pony up the full amount of \$3 million when in actual fact we were told that it was going to be split between the Province on a fifty/fifty basis between the Province of Newfoundland and Labrador and the Government of Canada?

The other thing I would like to touch on briefly, Sir, is the amount that is in here for employment opportunities. It is a widow's mite. It is a very small amount. It will hardly cause a ripple as far as the unemployment in this Province is concerned. And I only wish that it was much more than it is. In my hon. friend's vote, I think, the Minister of Social Services - yes, Social Services - it is no longer Social Services and Rehabilitation -

MR. DOODY: It is split. Some is in Fisheries, and some is in Tourism, and some is in Social Services, some is in Forestry.

MR. NEARY: But I would like to see this programme stepped up, Sir. And I was disappointed to hear the minister say in response to a question that I put to the minister about two or three weeks ago that some of these programmes would not start up until the Fall of the year,

MR. Neary.

because the reason the minister gave, That is the time when you have highest unemployment. Well, the minister must be completely out of touch with reality. Here it is now almost the first of June, and we have more unemployment at this moment in Newfoundland than we had in the depression years, and the minister is sitting back and waiting until the Fall of the year when the minister tells us we are going to have high unemployment and that will be the time to implement the programmes to create jobs for our people who are unemployed. What kind of foolish thinking is that, Sir? The minister should reconsider and go ahead with these projects now. We have record unemployment now at this particular moment, and there is no sign of relief. It is going to get worse, so we are told by the Atlantic Provinces Economic Council. Every indication, Sir, is that it is going to get worse during the Summer months when it should be getting better. It is going to get worse. All our construction workers are unemployed. The figures I gave out in the House last week must have startled the hon. gentlemen. Almost 4,000 carpenters unemployed at this moment, at this season of the year, when they should be working; 604 electricians and so on and so on and all the way down the line. And the minister tells us that he is going to wait until the Fall of the year before implementing some of these job creation programmes.

I ask the minister to reconsider that decision and go ahead with these projects now. A lot of these people will not get the ten weeks stamps that are now necessary to get unemployment insurance next Winter. And the other thing I would like to touch on - I know there is some money in here for Tourism. I do not know if any of it is allocated for the Norma and Gladys.

MR. DOODY: It is all parks clearing.

MR. NEARY: It is all parks clearing. I am glad to hear that, because so far we have not been able to get any information on the Norma and Gladys. The Tourism Minister has absolutely refused to give any information on the cost of last year's

MR. NEARY: ridiculous and pointless
Norma and Gladys cruise in the Atlantic.

AN HON. MEMBER: That sloop.

MR. NEARY: Yes, that sloop. We do not know how much it cost the people's treasury; we do not know the direct cost, the indirect costs; we do not know whether it is \$1 million, whether it runs into \$2 million, how much of the taxpayers' money was wasted. In a year when the Minister of Finance was telling us that the government was practicing austerity they were lashing out \$1.5 million or a couple of million dollars for this foolish nonsense, this cruise of the Norma and Gladys in the Atlantic and not a single benefit, Sir, can be traced to that expenditure. And this year another \$300,000 is going to be flung out to try to justify the mistake that they made last year, and at the same time they are asking the ordinary people of this Province to make sacrifices, to tighten their belts.

The price of gasoline is going up, the price of electricity is going up, the price of food is going up, the price of everything is going up. There are no jobs, there is no work. Tighten your belt, make sacrifices, the Premier says every time you see the Colgate smile on television, We are asking our people to make sacrifices. The government themselves are not making sacrifices with the kind of extravagance and waste that we see in connection with the Norma and Gladys. And the Minister of Mines and Energy has refused for the last two weeks to tell us about this free bus service for carrying well paid workers from the Philip Building into the overpass. What about it? Is the minister going to give the House the information or not?

Free bus service! Nobody else gets it. Why do not all the rest of the public servants and all the other workers in the private sector get this

MR. NEARY: privilege of free bus service just because they went down here to Donovans which is only about - how far away is Donovans from the Avalon Mall? Is it a mile? A mile and-a-half?

AN HON. MEMBER: Eight miles.

MR. N. WINDSOR: Three miles.

MR. NEARY: Three miles and they want to be paid, they want to be carted down free of charge aboard a big city bus costing the taxpayers \$30,000 a year. Then the Minister of Rural Development refused to give us a list of those who got loans from the Rural Development Authority thus creating suspicion of his department, leaving the appearance of a cover-up.

Mr. Chairman, the sad thing about seventy-five hours that we have to debate the estimates in in this House was the refusal of ministers to recognize the right of the taxpayer to know what is done with his money and I hope during the Supplementary Supply we will get a few of the answers from the Minister of Finance.

Another big vote in this, Mr. Chairman, is for homes for the aged, these new homes that have been built in various parts of the Province. Now I believe the House is entitled now to know where we stand in relation to these homes for senior citizens. Do we have enough ambulatory beds at the moment? Do we need to construct any more of these big institutions that my hon. friend the member for Exploits (Dr. Twomey) was so down on when he spoke in this hon. House some time ago, making it easy for people to get the senior citizens out of their own homes and herd them into these institutions where they just become a statistic, where nine chances out of ten they are very unhappy and do not want to be there, making it easy for relatives to unload their fathers and their mothers and their aunts and their uncles and their grandmothers into these homes. I believe, Mr. Chairman, we have now reached

MR. NEARY: the saturation point in this Province. But where the real need still exists, and did when I was Minister of Social Services and I would say to this very day, the real need, Mr. Chairman, is for geriatric care,

Mr. Neary.

for nursing homes in this Province, not homes for ambulatory people, people who are on their feet, people who wanted to stay in their own homes. I could tell the hon. House a story. When I was Minister of Social Services, a woman came in my office one day from Toronto, and she said, "Do you want to take my father into Hoyles Home? He worked hard all his life. He paid his taxes, and now I want to get him into Hoyles Home. We got the application in and they tell us that his name will have to go on the waiting list." At the time there was a waiting list, I think, of 900. And I said to the lady, "Well, I am sorry, there is nothing I can do. Your dad is on his feet and he is living in his own home, and I am sorry but we got other people, other emergency patients waiting to go in." "Well, she said, "He is going in supposing I got to go see Joey, see the Premier; he will get him in." So she went and saw the Premier, and I got called on the carpet in the Premier's office, and I still said, No, no way. Anyway she left in a great huff. And that night I was home I got a call from one of the social workers, one of the workers over at Hoyles Home, and told me that there was a bit of an emergency. This woman had brought her father down, bag and baggage, put him in the lobby of Hoyles Home, threw his suitcase in, jumped back aboard the taxi, went down to the airport, got aboard of a plane and took off back to Toronto.

MR. CHAIRMAN (Mr. Young): Order, please!

The forty-five minutes have expired.

MR. NEARY: But I can have another whack at it, I guess, Mr. Chairman, as soon as somebody else speaks.

MR. CHAIRMAN (Mr. Young): The hon. member for Kilbride.

MR. WELLS: Thank you, Mr. Chairman.

I just want to clear from the record a distortion of the truth which the member for LaPoile (Mr. Neary) perpetrated a few minutes ago in his remarks. He was referring to a speech made by the hon. member

Mr. Wells.

for St. John's East (Mr. Marshall). Now whether the member for St. John's East and I agree or not in matters connected with the Lower Churchill is not really the issue. One thing I will say for the member for St. John's East is that when he makes a speech he believes what he says, and his speeches are honest and straightforward, and he lays it out as he sees it.

But on this question of the Lower Churchill, the member for LaPoile (Mr. Neary) in his distortion, Mr. Chairman, attempted to suggest that somehow I had been negative any time in my political career toward the development of the Lower Churchill or the support of the government in doing what it was trying to do and is trying to do. And he cannot find in any public or private utterance of mine any suggestion to that effect. I voted for the government and supported it when it took over the Lower Churchill. In Cabinet, as the Minister of Finance is well aware and the Minister of Mines and Energy -

MR. DOODY: The member for LaPoile does not bother about that.

MR. WELLS: No, I know he does not.

But in every respect I fought and did everything possible to see the development of that great resource, and I deeply resent a distortion which the member for LaPoile (Mr. Neary) in his fine flowery fashion can stand in this House and perpetrate. I want to correct it. I suppose it does not matter two hoots, Mr. Chairman, whether one corrects this sort of thing or not. This House, because of remarks like that, has degenerated to a point that nobody is sure to believe and does not believe anything that comes out of it - or not anything, but much that comes out of it anyway, and it is unfortunate.

At any rate as the question of the Lower Churchill is raised, Mr. Chairman, I think I might make some suggestions as to how I feel this ought to go, if it can be done or made to go that way, by the united efforts of the Province and by the united efforts perhaps

Mr. Wells.

of this House, because most of us - I will not say all of us - but most of us, I think, in this House have a genuine wish to see this Province developed and the resources of this Province developed. And I would like to see an unanimous statement from this House on a few things. And one is that that Lower Churchill is a national resource. It is not just a provincial resource. In a country which is running short of energy, as Canada is, as all the Western World is, that Lower Churchill is not just a provincial thing. It is too important for that. It is a national thing. I find it incredible - and it is one of the things that I cannot understand about Canada. It makes me wonder how much Canada is really a country - that when that was developed a few years ago that we could not get a corridor through Quebec. You know, you talk about what is going on nationally and internationally today, and you talk about gas from Alaska to go down in the U. S. And apparently the Americans have got a good chance to get a corridor through Canada to get their gas down through Canada and into the U. S.

MR. MAYNARD: No problem.

MR. WELLS: As the minister here says, no problem.

MR. WELLS:

But we, Canadians, did not have the chance and did not have the opportunity to get our electricity from one part of Canada, namely Newfoundland Labrador, to another part of Canada or to the US or anywhere else where it might be sold. Now to me that says more against this country as a country than anything I have ever heard or read in my whole life. It makes me sad that this is so little a genuine country that such a thing can happen. I will go to my grave, supposing it is a year from now, a day from now, or fifty years from now, hurt, disturbed, worried and upset as a Canadian that my country could permit one province to do that thing to another. I will never understand it. So I think that one of the first things that this Province has got to say with one voice is that the Lower Churchill is a national resource and that we have a right to demand of our nation that our nation allow us to deal with that power in whatever way is economical and best for this Province and this nation, and that may involve and will involve a tunnel to bring it to this part of the Province. It may also involve a corridor or some other suitable arrangement whereby we could sell surplus power to some other part of Canada. And I think that has to be. We can never call ourselves a country until that sort of thing can be done between Provinces and in this country. We are not a country while that can continue, we are just a collection of states. We are the Balkans before the first World War - that is what we are, Mr. Chairman, when this can be done by one province to another. And for my part, I have said this publicly, I would be very loath to co-operate on anything, even to co-operate on health and welfare measures when that kind of discrimination can be allowed to exist and can be gotten away with by one province against another with the acquiescence of the federal government. I think it is an outrage.

Now when you come down to the details of how I would think and hope that we could work to getting this done, we have got to get that recognition from the federal government first that

MR. WELLS: it is a national resource and that one province should not be allowed to hold another up for ransom. That is just what it is, holding a province up for ransom. Why could we not develop the Lower Churchill? When it really comes down to it, Mr. Chairman, it is not a question of financing and all that, it is because we could not have a corridor or a route to sell the surplus power; we could not use it all ourselves and we could not on our own, with the relatively small amount of federal aid that was sort of in a general sense offered in the first place, we could not afford to build the tunnel. So our own country stymied us, both our sister province and the country itself. And that is the story of the Lower Churchill thus far and I think it is a national shame and a national disgrace. What I feel is somewhere along the line the federal government is going to assert itself. If we are a country it is going to have to and it is going to say to one province, you shall not and cannot be allowed to hold another province up to ransom.

Insofar as the mechanics as to how the tunnel is to be built, I think the federal government will have to become massively involved in it, not only in grants but perhaps also in long term, low interest loans because there has got to be a way for the Province to develop this national resource and it has to be helped nationally.

I would suggest that one of the things perhaps to look at, and I am sure the government has looked at it already and considered it, although I do not know if a decision has been taken as to whether or not it might be the right way to go, but I would like to see perhaps a tunnel authority, a tunnel corporation, separate from the corporation to develop the Lower Churchill, but a tunnel corporation in which the federal government would participate with the Province and say, "We will put a tunnel there." And the tunnel will be made large enough not only to accommodate electrical cables and wires, whatever, but possibly large enough to accommodate gas, if it is ever available to go through the tunnel, possibly large

MR. WELLS: enough to accommodate rail if it is ever feasible to put it through the tunnel, I doubt if it would be feasible to attempt or think in terms of driving cars through because you get into massive problems with disposing of exhaust fumes and I think in a tunnel that is - the chunnel as they call it between England and France, I do not think it was proposed that cars would drive through but rather that they would go on some form of flat car or something like that

MR. WELLS: and go through on an electrified rail line. So that the tunnel, I think, if it is going to be built should be built with federal participation and massive federal participation, should be built so that it can accommodate all these sort of things, so that the authority, the Power Commission or whatever, Hydro that is developing the Lower Churchill would be able to rent space from the tunnel authority, or the tunnel corporation, this federal/provincial body, rent the space to send its cables through so that it would be there for people to rent space for electricity, to rent space in due course for natural gas, to rent space in due course, perhaps, for oil either in a crude or partially or fully refined state, to rent space for rail travel. This should be the concept and it should be a national concept which would go a long way toward assuring some sort of future for this Province.

I have said here in speeches before, this Province, unless there is this kind of co-operation and thinking, this Province may not have much of a future. So this is the way I feel, Mr. Chairman, it should be approached, but there can be no approach along these lines unless a fundamental decision is taken in Ottawa that this is one country and that no Province can hold another up for ransom and no province can be put down and put under and prevented in developing a national resource by the actions of another or the failure to act on the part of the federal government.

Can you consider, Mr. Chairman, any state in the world, any country in the world that would allow a natural resource like the Lower Churchill to stand dormant with water flowing away to the sea in an energy scarce world and an energy scarce country, particularly in the immediately foreseeable future, and say, No, because

MR. WELLS: we cannot agree, because we are not really one country, because we are not prepared to make the investment that is going to carry on and the one province, the province who has it, is going to remain a poor province, and the water is going to flow away to the sea and we are just going to let the whole thing stand at nought? Can you imagine Australia, can you imagine the United States, can you imagine France, England, Norway, can you imagine any developed -

MR. ROBERTS: Or Western Canada?

MR. WELLS: Or Western Canada - any developed country on the face of the earth looking at that resource flowing away to the sea and saying, Oh we are just going to let it go because we are not country enough to get together and co-operate with the province and help them because they have meagre resources and put it into effect, that would benefit the whole country. To me it is unthinkable. And I am not just standing here for the sake of knocking the federal government, This is obvious even, Mr. Chairman, to a fool it is obvious that there is something wrong with a country when a renewable resource like water power can be allowed to flow away to the sea while we pay for expensive oil to generate electricity as we are doing out here in Seal Cove. It is an outrage! A national outrage!

This country is going to pay for that kind of attitude. We are going to look at the U.S. and we are going to look at other countries that are forging ahead and we are going to say - you know, we are going to cry in our beer, Why cannot we develop? Why are not we as well off? Why have our taxes got to be so high? Perhaps the answer is right there in the attitude of the participating people and provinces and the federal government of this country, Mr. Chairman.

So that is where I stand on the Lower Churchill; that the Government of Canada has to make

MR. WELLS: that kind of commitment, and if the Government of Quebec has to be brought into line well, so be it, let it be brought into line. I think somewhere along the line Canada, and the rest of provinces for that matter, are going to have to look at sister provinces and say, Look, you know, either this is a country or it is not and you are not going to be allowed to bust it up and destroy it, not only in political terms, which are being mooted, but in economic terms which is just as bad when you come right down to it as political, because it keeps us poor. In our case it keeps a have-not province poor. That is not justified, that is not what Confederation was all about, and that is not what the people of Newfoundland would have voted for in 1948 - 1949 if they had known it would happen.

Supposing somebody had said in 1947, 1948, 1949 when the great Confederation debate was going on, supposing someone had said, Well, the time will come when you will have great resources to develop but unfortunately another province will stop you from doing it and the federal government will not stand in there and take a side and develop it with you and for you and help you, what would the people of Newfoundland have said then when they went to the polls? No need to answer the question, Mr. Chairman, we all know what the answer would have been.

MR. FLIGHT: Suppose someone had said that when the government made the decision to buy BRINCO? Suppose someone had stood up here and said, There is no point in buying it because Quebec will -

MR. WELLS: That is right! What an outrage! We would have been all outraged, every man, woman and child in the Province. And this is what has happened and we are going to have lay aside petty, political differences, I think, in this Province. We are going to have to stand together shoulder to shoulder

MR. WELLS: and say that politics is one thing and differences are another, and ideas of how minor things ought to be done, that is one thing; but we are Newfoundlanders and we are Canadians and it is time for this country to let us know that we are both because we have no future if these things cannot be done. Talk about offshore oil and gas - maybe I am irrelevant, Mr. Chairman, if so tell me, under this particular heading, the subject of discussion; I do not think I am - I feel, and I have expressed this on various occasions, that so important is this Lower Churchill and offshore oil and gas to our very survival, our economic survival, that we may have to take the position that it all has to be done part of a package, and that we may not be able to agree on any kind of division or decision making on offshore oil and gas until the Lower Churchill is sorted out, or vice versa, until the offshore oil and gas is sorted out we may not be able to agree on anything to do with the development of the natural resource which is the Lower Churchill.

MR. PECKFORD: Throw the Upper Churchill in too.

MR. WELLS: And maybe, as the minister says, throw the Upper Churchill in too. You see, we have got to recognize as I have said here in a speech a little bit earlier, we are never going to compete with Southern Ontario as a manufacturing centre; that is out. Even the bit of secondary manufacturing which we had at the time of Confederation has declined. We cannot compete. We have not got the people, we have not got the market. And any kind of secondary manufacturing requires markets to start with, then you can compete and you can branch out into other markets. We are not going to be able to do that and let us not kid ourselves.

So the only things that we are going to be able to do on top of our minerals, which are being developed as the economic climate can permit, that does permit, we have our minerals, we have our paper and pulp, and there is a limit to that, there is a limit to the sustained regrowth and the problem of the bud worm and all this sort of thing, there are limits on mineral development that are economic and caused by world markets, things beyond our control, and then there is the paper

MR. WELLS: thing and in large part that is subject to world markets and the ups and downs and in some respects, a lot of respects, beyond our control. But we have done all right in the past fifty years in pulp and paper, we have done all right. And we have done all right, and we are doing pretty well in developing minerals and if for instance you get the price of copper go from fifty or sixty cents a pound, where it is now, up to \$1.50 a pound, where it was three years ago, then we will do even better. But you know there is a limit to these things. If we are going to have a great economic future then it has to be, please God, in terms of offshore oil and gas and the way they are handled, the way the development is handled, and the way the good comes to this Province as well as the nation as a whole, and the development of water power in Labrador, and I go beyond the Lower Churchill, beyond the Upper Churchill, to the thousands of megawatts that are in Labrador to be developed and which will be developed by our children and their children. It is not just the Lower Churchill we are talking about, it is what I saw in the minister's statement, is it not 4,500 megawatts?

AN HON. MEMBER: More than that.

MR. WELLS: More than that, up there in Labrador, to be benefit -

AN HON. MEMBER: And the fishery.

MR. WELLS: And the fishery.

But, you know, these things have got to be developed. Now I will give the federal government, in terms of the fishery, I will give them full credit for what they have done. They have inaugurated the 200 mile limit which I as an individual looking at it, and looking at Canada's rather weak record in dealing with international events and affairs, I often used to wonder if we would ever get the 200 mile limit and I often used to think we might be one of the last countries in the world to get it and to impose it and have the guts to say well this is what we are going to do. But I give them full credit. They have come up with it. The question now is how it will be handled, how it will be enforced and how our fisheries are going to be developed within them. I am not a fisheries expert and do not pretend to be and

MP. WELLS: it would probably be folly for me to give foolish thoughts what my thought might be about the fishery, because people wiser than I can deal with that.

But apart from the fisheries, these other two areas of offshore oil and gas and development of water resources, of water power for the good of the nation, both domestically in Newfoundland, domestically in Canada, and if there is some available for export until it is needed domestically then export as well. Until these things are sorted out and until the federal government takes the attitude that we are one country and we are all working for the common good in this country and Quebec is made to toe the line in these respects - let us say it, Mr. Chairman, because they have not - what they did to us and what they have caused to us in the development of the Upper Churchill in their attitude and what they have caused to us by denying us some sort of corridor - and we I daresay, would be prepared to pay a fee or a charge for it - some arrangement could be made but certainly nothing like the arrangement that we were forced into on the Upper Churchill. I am certainly not blaming the member for Twillingate (Mr. Smallwood) for his role in that, He fought like a tiger to develop the Upper Churchill. I suspect, you know, we may argue all day on whether he should have developed it on the terms he did or not,

MR. WELLS: but the point was he fought like a tiger to develop it. I suspect that he found when he was dealing with the province of Quebec and the Dominion of Canada on these matters that he could not get any better deal and he then said, "Well, alright, fine we will go with the deal that we can get." That, I suspect, is the truth. But if he could have got a better deal I dare say he would have got it.

So the question remains should he have allowed the water to flow into the sea forever or should he have developed it on the basis that he did? But he fought hard to develop that, And this government has fought hard to try and develop the Lower Churchill and I think that eventually we will make our point just like the point on the 200 mile limit was made, and eventually we will see the development of that Lower Churchill. But it is going to take a different attitude and it is not going to take petty politics. It is petty politics that is destroying this Province rather than benefiting it or bringing it ahead. It is going to take a united provincial attitude and it is going to take the attitude of a proud country determined to come ahead in the 20th century rather than a country that shrinks back and allows one province to control the destiny or thwart the destiny of another.

So that is my position on the Lower Churchill, Mr. Chairman, and these few other things as well. And it has never changed since I have been in this House. The only thing is in my thinking I feel that it is developing now to a point where I can offer at least a few items of suggestion. Thank you, Mr. Chairman.

SOME HON MEMBERS: Hear, hear!

MR. CHAIRMAN: The hon. minister.

MR. PECKFORD: Mr. Chairman, I would like to make just a few remarks as it relates to especially the question of the Lower Churchill that has come up under this bill for supplementary supply and to just try and put the whole national scene into perspective somewhat. The major danger that I envisage as one talks about the Lower Churchill or the development of additional hydro potential in

MR. PECKFORD: Labrador with major federal involvement is one that I have detected in the last six or eight months in meetings that I have had in Ottawa and in the Atlantic Provinces and it is this: That there seems to be, in my humble opinion, a fairly strong lobby in Canada on the quick and massive development of projects like the Syncrude project; a massive infusion of federal funds and private funds and provincial funds for other heavy oil development both in Western Saskatchewan and Alberta, that there seems to be a priority on getting Beaufort Sea and MacKenize Valley gas down to Canada and on into the United States; that there seems to be a high priority on developing and a high lobby in Ottawa among senior civil servants on developing further the capacity of the country; and that the whole priority that was once evident on developing the remaining hydro potential of the country has come to third or fourth place in the overall energy picture in Canada. And that is why it is difficult and will be difficult over the next short period of time to convince authorities in Ottawa to really take hold of the Lower Churchill project.

MR. NEARY: With all due respects to the hon. gentleman who is making a major policy speech, Sir, there are two, three, four, five, six, seven, eight members on that side and only one member and myself on this side. Can we have a quorum call, Sir, to try and get the members in the House? I am not trying to obstruct the hon. gentleman, but it is something of major importance.

MR. CHAIRMAN: Order, please! I will ask the law clerk to count the House. I am informed a quorum is present.

The hon. Minister of Mines and Energy.

MR. B. PECKFORD: Mr. Chairman, what I was trying to say before the quorum call I was trying to identify a danger as it relates to national energy policy in this country, a danger that negates the desire and wish by all Newfoundlanders, by this Government and by hon. members opposite, to proceed with a speedy development of the Lower Churchill project and other related hydro projects that are viable in Labrador. I was saying that that danger that I have identified is one where there seems to be a strong lobby both within the civil service, the Public Service of Canada, and amongst other people in Canada involved in the energy business to put high priorities on the continued escalation in the development of heavy oils and expensive oils and gas in Alberta and Saskatchewan, the continued infusion of massive sums of money to bring on projects like the Syncrude, to get the Mackenzie Delta gas down into Central Canada and into the United States, and the Beaufort Sea gas down in the United States. Just as a sidelight, Mr. Chairman, it is just very interesting to note the latest estimates given by companies doing work in the Mackenzie Delta and the Beaufort Sea have brought their estimates down now to about proven reserves of around three to four trillion cubic feet of gas proven, and even probable and proven are only around five to six trillion cubic feet, when one considers, you know, that is a very, very small amount of gas reserves. To give you some idea, Mr. Chairman, off the Coast of Labrador you would need about ten or eleven trillion cubic feet to make a field viable. And we are talking about delivering from the Beaufort Sea and the Mackenzie Delta down into Canada and the United States three to five trillion cubic feet is the latest figures just this last three or four days that I have seen.

But in any case, to -

MR. NEARY: But there could be more besides that.

MR. PECKFORD: Well they would have to find more but they have not as of now. Shell and Imperial and Gulf are very committed in the Delta especially, more so than in the Sea.

MR. NEARY: That is what they have proven, is it?

MR. PECKFORD: That is what they have proven at this point, but they have had some disappointing results both in the Sea and in the Delta and in the Polar regions in the last couple of months.

But in any case the point is that there is - Mr. Chairman, I was at a conference at Dalhousie University a few months ago where I heard the public relations man for the New Brunswick Power Commission get up and make a major statement on behalf of his utility and the Government of New Brunswick in which his final - and it was a prepared statement, well delivered, a very competent individual, a nuclear physicist who got up - and his final sentence in his speech was, "It is my considered opinion that nuclear energy is environmentally, economically and socially the best route to go from here on for the Atlantic region and for Canada as a whole."

AN HON. MEMBER: In other words, it has to be.

MR. PECKFORD: Now it is that kind of - and he was a former employee of Atomic Energy Canada, for example. There is a very, very strong lobby. Nova Scotia for a number of years has been under extreme pressure to follow the lead of New Brunswick into going nuclear, that the Federal Government has been reluctant to get into coal gasification in Cape Breton and in other parts of Nova Scotia, they have been extremely reluctant to put research and development fund into Fundy tides for electrical generation, and have used all kinds of reasons for it. And it was very pleasant to note in the last Energy Ministers meeting, and it was the first time that it had happened that Nova Scotia had sort of changed their position somewhat, still high on the coal gasification and Fundy power, but

MR. PECKFORD: very supportive of our position as it relates to hydro development, where we continue to espouse the kinds of principles that have been made here this evening that you have water running into the ocean, that it is clean, that it is stable, that it is in the national interest that all those kinds of renewable resources that can be developed should be developed first, and then you move after that into the less desirous forms of generation, like nuclear, which will have to come especially as they perfect the more dangerous aspects of the environmental parts of it, but get these done first. Do not put the cart before the horse. And just on that basis alone it is a justifiable way to go.

MR. NEARY: Why can we not sell them on that?

MR. PECKFORD: Now, like I am saying, the point I am trying to make, Mr. Chairman, is that there has developed across this country a whole bunch, a whole group of people all over the place - pockets of experts, so-called experts - who have gained a fair amount of prestige - nuclear, even solar, heavy oil in Alberta and Saskatchewan - and that is a lot of money, you are talking about a lot of money.

PREMIER MOORES: The shortage of oil and gas made it glamorous.

MR. PECKFORD: The shortage of oil and gas made it all the worse.

MR. DOODY: - the nuclear plants of the golden triangle.

MR. PECKFORD: That is right, in the golden triangle. But let us not forget, Mr. Chairman, that outside of the precedent that has already been set for massive infusions of money into energy like into the Syncrude by Ontario government, Alberta government and the federal government there is also great precedent for massive infusions of federal funds into hydro projects - big hydro projects. The Nelson River project in Manitoba is being financed in large measure by the federal government and this year - I forget, I have the estimates of Energy, Mines and Resources - a fair amount of money is going in to finish off the spending

MR. PECKFORD: or the paying for that Nelson River project in Manitoba.

MR. DOODY: It will never be finished because they do not have to pay back any of it until it is finished -

MR. PECKFORD: That is right.

MR. DOODY: - so they keep breaking parts of it.

MR. NEARY: About how much does it cost?

MR. PECKFORD: So it is - I forget what the -

AN HON. MEMBER: Billions.

MR. PECKFORD: It is a massive amount of money.

I am just pointing out these things, that precedents exist. There is nothing new, you know, in arguing for the Lower Churchill or for Muskrat or for Paradise or for whatever river in Labrador which is viable and everything else, that you do not have to go setting any great precedents that the federal government cannot use as an excuse or a reason.

All these kinds of things are there. And the other thing is, on their oil and gas revenues, for example, they have had a surplus in the last year or so. About \$500 million I think was identified at the last Energy Ministers' Meeting. And we have been trying to get, most of the provincial ministers have been trying to get the federal government to do this, to make this distinction which is one that a lot of critics of governments like to make in various fields, and it is this; why do you not take the \$500 million or the \$400 million or the \$600 million that we can identify easily that you make from your 10 per cent surtax and all the rest of it in oil and gas and throw it back into energy related matters. And of course the Department of Finance in Ottawa says, 'No way! It goes into general revenue.' And we have been trying to get the federal government to recognize that because of the extreme urgency involved in the energy field today as it relates to oil and gas, relates to electrical power and its generation, energy conservation and all the rest of it, that the whole subject has become of such national importance that it is time for them to reconsider where they put that money they generate from their oil and gas and other

MR. PECKFORD: energy related matters. They should reconsider that, the Department of Finance and Big Mac should reconsider that, because it has become so important in the country. So for all of these reasons, these points that I make and the ones that the member for Kilbride (Mr. Wells) made, very valid ones that the member for LaPoile (Mr. Neary) made earlier, we have to keep badgering the federal government in all our meetings and dealings with them on getting this whole project off the ground, the Lower Churchill for example in the first instance. Quebec, as I think I have stated before recently, seems to have changed in style but not very much in substance as it relates to its ongoing position vis-a-vis Labrador Power, transmission through Quebec.

Mr. Peckford.

on the Lower Churchill or whatever. It seems to be changing style but very little in substance to this point in time. I have talked to the minister, I have talked to all his aides and all the rest of it and there does not seem to be that great a change. But I still want to point out, and my main reason for getting up now, Mr. Chairman, was simply to say that I am concerned about the present set-up relating to energy in Canada because of demands of the Mackenzie Valley pipeline and the lobby that is put on there, that lot of money is going to be going that route, the syncrude, the heavy oil thing. The federal government is committed.

You ought to hear, Mr. Chairman, Mr. Gillespie talk about it, and rightly so on that point - if I did not think it was not going to divert all the funds away from Eastern Canada into Western Canada! That is what scares me. As long as it keeps a good balance on it, it is all right. But you want to hear him talk about heavy oils in Alberta and Saskatchewan. Mr. Getty and the other ministers out in that part of the world and the companies and so on have done a fantastic job on persuading the federal government that they must get involved in more syncrudes, that they must get involved in this situ-process, that they must get involved in Westminister, Cold Lake and all the rest of the areas out there. It just fantastic to see just their whole orientation, their whole thinking is on that. And on the several occasions that I brought up, both regionally and nationally, about Labrador power that they are all aware of they listen to you in total and absolute silence, and then get on with oil and gas and nuclear and solar and wind and coal gasification and everything else but hydro power. It seems like it is gone out of vogue. And that is my whole point, the whole theme I am trying to develop, that we have got to continue to argue extremely strongly in the corridors of power in Ottawa and everywhere we go as Newfoundlanders and as politicians before they continue to advance this project, because it still makes eminently makes good sense both from a provincial and a national viewpoint, but it is getting lost in the rush of the overall energy rush to get more oil and gas. And this is very dangerous

Mr. Peckford.

and could delay the project a few more years when it could have gotten off the ground in 1978, say. That is what I am afraid of. That is the big danger. And from what I can find out, the hydro advisers are not high on the scale in the Energy, Mines and Resources department, are not the real, big top dogs, and that is pretty dangerous stuff. And just witness - and I will sit down, Mr. Chairman - just witness the unmitigated gall, the nerve of them to impose, to bring in an energy conservation programme in Nova Scotia and Prince Edward Island when their own figures - and they acknowledge it - when their own figures show that we are per household energy-wise, energy per household, more - it costs us more per household energy-wise than it does in Nova Scotia, and they acknowledge it. We have figures, and their figures are even better. It is unbelievable!

AN HON. MEMBER: They admit it? You have the figures?

MR. PECKFORD: Yes.

So I want to get into that today, Mr. Chairman. I hope I still have it here. I will get it for the hon. members and get it copied, the dates chronologically. I brought it down supertime, I guess, down to my office downstairs.

And so, Mr. Chairman, the whole business of hydro power is something that we are going to have to sell to the Maritimes, to Ontario and continue to push for in the national interest, which it is, if we are going to successfully oppose and overcome the kind of lobbies and pressures that are coming on the federal government from other sources that are very involved and have a real financial interest in the energy sector of Canada.

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

MR. I. STRACHAN: Mr. Chairman, I listened to the member for Kilbride (Mr. Wells) with interest and to the minister. I got to take a point of view which is my own personal point of view, and I do not know whether the rest of my colleagues agree with it or not in this, we have discussed it briefly but never in depth - but I think that the root of the matter with Gull Island and with other matters, energy problems here is exactly as the member for Kilbride stated, the fact that we have a government in Ottawa which is a centralist government in Ottawa which does not see anything to the East, it is blind, it does not realize you can talk, like the minister states, they can talk about oil from Alberta and immediately they get very interested, excited about it, but you can talk about hydro in Labrador and there is no excitement, no interest whatsoever.

MR. PECKFORD: And all their hydro as well in Central Canada.

MR. STRACHAN: Similarly but I am talking about the ones here. And I feel very strongly about it as well that they do not realize that Hydro can produce for instance, that Churchill Falls would produce 150,000 barrels per day every day from now to eternity. That Gull Island when it is developed is 50,000 barrels per day from now to eternity. If that were an oil well Ottawa would be immediately involved in it and interested in it. But because it is hydro, because it is 50,000 barrels per day in hydro, Ottawa pays no attention whatsoever or just lip service essentially because it is hydro; it does not have the glamour of oil. Furthermore it is hydro which is situated in the East and more so because if it was hydro situated in the West they would probably pay far more attention to it. And I could not agree more with what the member for Kilbride stated as far as the centralist government, the Ottawa Federal Government, Liberal as they are, I could not agree more with the feelings about them that if we are a country, and we are provinces, that it is foolish in my estimation to keep us here in poverty when we are so rich in resources, in hydro resources, and make no effort, no attempt to try to develop the hydro

Mr. Strachan:

resources in this Province. If we were going to, for instance, take the 1981 price, although this probably will be way out now, but it was projected that by 1981 the price of a barrel of oil will be \$16.50; that of course was a year ago or two years ago, a year and a half ago prices, now of course it will probably be closer to \$25.00 per barrel by 1981. But if it were, and with 150,000 barrels per day coming from Churchill Falls, then Churchill would produce \$900 million per year, \$900 million, Gull Island \$300 million and other Labrador sites will produce another \$600 million per year. In other words, by 1981 the total amount of hydro generated in this Province, in the Labrador section of the Province there, would equal \$1.8 billion per year if they were developed. And that is by no means small money. And yet the attitude is taken that we cannot develop these sites because we are strapped and blackmailed and held to ransom by a province neighbouring us, which has territorial demands on us, and which Ottawa fears and therefore will not take the necessary clout to put them back into shape and allow us to develop. And I believe strongly in that, and I am not espousing party policy here, as I stated; regardless I have held these views before I got in politics, I will hold them still and I will hold them when I leave, that regardless of whether it will be a Liberal government or any other government in Ottawa, the point is that they do not have the fortitude nor the interest at heart in order to try to develop the Province, one of the Easternmost provinces of Canada.

And so I could not agree more that what we have is a centralist point of view that everything goes to Central Canada, and if it can come easier from the West to Central Canada, or they have more clout in Western Canada, then give it to them and try to get Western Canada developed to pour it in to Central Canada and to hell with the East. And that is exactly, it seems to me, the policy they are developing or have developed as far as national energy is concerned. When we cry, when Nova Scotia and New Brunswick cry, and P.E.I., P.E.I. will have a

Mr. Strachan:

cable, an undersea cable this year to P.E.I. to carry electrical power from the Mainland to P.E.I. and they are screaming because of the prices of electricity; and here we are, Gull Island has an equivalent of 50,000 barrels per day pouring down, if we were to convert it into oil, and it carries on to pour because nobody pays attention. They are not interested. They are not interested in coming in and given us a corridor or trying to work out some relationship in which if Quebec does take delivery of the power, at least they take delivery of the power and we can match our revenue to the prices that Quebec eventually get when they resell it, be it to

MR. STRACHAN: New Brunswick, Nova Scotia or wherever it is they resell it to. And so I could not agree more. I feel that the minister in Ottawa, Mr. Gillespie, is totally misguided, totally misguided in his approach to energy problems of the east, or with energy problems of this Province - and I do not want to jump on to saying this is knock the federal-government week or a night or whatever it is - but he is totally misguided, in my estimation, both in hydro and in oil and gas development that the minister and the member from Kilbride were stating.

I feel strongly, and this again is a personal viewpoint and we have had some arguments about it, but I feel personally that his attitude towards oil and gas is equally as bad as is his attitude towards us on hydro. It is a flippant attitude. They are prepared to keep us going with equalization payments and keep us in poverty, virtually welfare or unemployment insurance, rather than to allow us in this Province to own our resources and to develop our resources with pride and develop them for the benefit of this Province. I do not know why they want to continue an equalization payment when they can allow us very simply by becoming active and getting in there and encouraging us to develop our resources and have some pride in the Province. But it seems to me that they want to develop the West or develop Central Canada and leave us totally out here without developing our hydro resources or giving us the ownership of the seabed and the ownership of the oil and gas which is ours. Regardless of any legal arguments that may occur, this Province did enter Confederation 1949, it did therefore own the seabed by international law as such. If we had not joined Confederation, I wonder what the position would be now? The position would be that we own it and that they would barter and dicker with it to try and get it from us or try to get the oil supply from us, but we would own it. And they would be giving us money, they would be blackmailing us, bribing us, doing everything to try and get the money from us. But now we have it, now that we own it and we went into Confederation.

MR. STRACHAN: with it, they say well you gave it to us in Confederation and that is totally, absolutely wrong in my opinion regardless of whatever feelings we have.

On the basis of the 75 per cent of revenue sharing, 75 per cent, I feel strongly, and I know a number of people here on this side disagree with me, but I feel strongly that we own the seabed and therefore if we own it we own what is in it and if we own what is in it we keep it. And if it is ours let us develop it the best way possible and if Ottawa wants any share of it let them take it afterwards but at our terms, absolutely not on their terms. And I could not agree more, I know that there will be many arguments placed against the point of view that I am stressing here that we should conform a little bit to what Ottawa's pressures are, that we should give in to Mr. Gillespie and some of the federalist and centralist pressures they are going to place on us, But if we do then I think we are the biggest fools under the sun. I would hope - and I will support the minister and I will support the government opposite, I will support anyone regardless of who they are, NDP, whoever they are in this Province, who have the attitude that we own that resource, we took it in with us at Confederation and we therefore keep it and it is for our benefit and anything that the federal government get from it they get on our terms and not on their terms whatsoever. And I totally agree to that point of view and I feel very strongly about it.

In fact, I would go so far as to state that it would be a crying shame, a crying shame, - it may be very good politics at the moment or it may suit us at the moment to give in a little bit here, a little bit there, but we can see their attitude towards us on hydro development, let us not create the same mistakes and give anything in. We do not need to because all we will gain is two or three or four or five years in short-term but in long-term we will lose everything, everything.

If we talk about giving any kind of ownership rights

MR. STRACHAN: to them and any sort of revenue sharing to them and we get it going quicker, then wonderful for us. And we need it, there is no question about it this Province needs it right now, it needed it yesterday, but to do that and find that in twenty-five years time or thirty or forty years time that people, our children, will be coming in here and criticizing us for what we did in 1977 and the deal that we made in 1977 when it was our rights; we held it and we gave it away. And I think it is very, very important that as much as we regard our politics and our short-term politics and our adversary roles that we play and so on, it is very, very important, fundamentally important, that if we are going to get into this that we take a long-term view. I know that there many people who turn around and tell us that long-term views and

Mr. Strachan.

long-term developments are not good politics because they are not lasting politics, that if you want to remain in politics and political life then you take the short-term view and you get the money so that you can give the promises and all the things you stated you were going to give, but I think surely we have learned enough by now that the short-term view - and I would rather go out and be voted out and kicked out - I should be kicked out if what I am doing is selling something down the drain in the short-term view to get the money to give the immediate carrots and immediate cookies to the people and at the same time I sell down the drain, totally and absolutely down the drain the whole future and the whole future resources of this Province. And if so we should be put up against the wall and shot. There is no question about it in my mind. And I feel very strongly about it, strong enough that if this was ever going to happen, I would want no part of it, and I would quit and I would go home and 'Joe' and I could go goose hunting. Because to me it is fundamentally important that we do not commit the same mistakes we made in the past.

The other point that I want to make here is that - and I can never forgive the federal government for this - I feel strongly that in oil and gas, or what is touted, and maybe the minister can correct this because he will know more of the insights of it and so on, the inside track of it, but I feel strongly that Eastcan's decision in oil and gas, for instance, to get out of here, to leave here, was not based on the oil and gas regulations the minister brought in totally. In fact, it was not even based on that. That was a blind. Because why should they leave this Province and go to Greeland where they have smaller acreages as concessions. - I should say not concessions, it was not concessions - where they have a stricter regime. They got to drill

MR. STRACHAN:

to a certain depth, they have got to do all these kinds of things, and where the revenue sharing is even more strict than what this Province has come in with in its oil and gas regulations, stricter than this Province, in which their environmental aspects of drilling are far stricter than this Province has ever come in with or the federal government. I have not seen the Provinces's environmental regulations. I had hoped that this would come out quickly because it is as equally important as the economic side of it, that we need strong environmental, especially in Labrador where the weather window, as they call it, is a very short period, the weather window, the safe period in which you can drill. But they move off to Greenland. And why did they move off to Greenland? Because of the oil and gas regulations, our oil and gas regulations are too strict? That is total nonsense, total and absolute nonsense. They moved off to Greenland because the technology to develop any wells in Labrador is a number of years behind them. It is a number of years behind their exploration. And even if they found this year tremendous sources of oil, what could they do? The investment they put in, the \$80 million they put in this year, with interest accruing, would have to sit and wait for three or four or five or six years until the technology came and was developed to try and get that oil out anyway. So what they have decided to do is to take a gamble, as they call a play - oil and gas companies make plays like chess - and they decided to take a gamble and go elsewhere and try to locate oil and gas elsewhere, possibly so that they can get in there first, elsewhere, and get the knowledge and expertise and find out the good beds, the good fields elsewhere.

So in my mind this is the decision they made. But it was a good decision at the same time, because they persuaded the federal government and they persuaded Mr. Gillespie to frighten this Province in to giving in its resources, giving it away to the company and turning everything around and making this poor little Province -

MR. PECKFORD: The other point is that it is either a moratorium on their five year leases that are supposed to expire next year - right? - that is the other point. They are not going to be any worse off next year than they were this year as it related to the time frame on their leases

Mr. Peckford.

that is the other point. They are not going to be any worse off next year than they were this year as it related to the time frame on their leases.

MR. STRACHAN: Who is?

MR. PECKFORD: Eastcan.

MR. STRACHAN: Yes, okay. I will cover that in a minute.

But the point I was trying to make -

MR. PECKFORD: Sorry.

MR. STRACHAN: - is the fact that what is happening, and I cannot understand it for the life of me, why a federal minister

MR. STRACHAN: will be bought - well, obviously -
bought by large oil companies and their vested interests.

MR. NEARY: Where do they get their money for running
their campaigns?

MR. STRACHAN: Well, agreed, you know, regardless of it.
But the point is that I know full well from Denny Duff of Eastcan, I know
full well some of the reasons why they moved out of Labrador. And I
know full well that the reasons were not because of the strict, rigid, vicious
regime that this Province was trying to invoke on them. It was not what-
soever. The decision was probably made a long time before and they were
gearing up to it. And they will be back because, guaranteed, if there is
oil and there is gas in the quantities they are talking about they will be
back. There is no question about it they will be back. They need it,
absolutely need it in North America and if they need it they will be back.
A piffling little government like us will not scare them away if they
really need it and the prices are high enough to get it out. They are
estimating the cost as what? It requires \$14.50 a barrel, at least
\$14.50 a barrel before any oil from Labrador could break even - the costs
break even - \$14.50 a barrel. That is nothing. Even now by the time they
manage to develop the technology and get it out -

MR. SIMMONS: It will be that high.

MR. STRACHAN: - it will be 1985, 1987 -

MR. SIMMONS: It will be at least that.

MR. STRACHAN: - and by that time it will be at least
\$25, \$30, maybe even \$40 - who knows? All the OPEC countries have to do
is put another squeeze on and up it goes another \$5, \$10. So the point
is they will come back when they need it and when it is beneficial to
them and profitable to them to get it out. And as far as I am concerned
we should leave it there and let it sit there until we can strike the best,
the hardest, the toughest bargain we can with oil companies. Otherwise if
we do not do that what we are doing is taking the resources of this Province
once again and giving a fair slice of it away to international corporations

MR. STRACHAN: or to the federal government and then asking, once more going cap in hand, asking for equalization payments to keep the poor people on the Labrador coast and the poor people elsewhere in this Province in bread and butter and a roof over their head. And to me that is total and absolute nonsense. I cannot understand the badgering and the pressure that the federal government was putting on at that time to try and get us to crunch under and give way to these companies. And of course Eastcan were not going to come anyway. The decision was an economic decision and a decision based on technology, the lack of the technology, and it was not based - but they used it. They used it - I do not know the move you would call it in chess but they -

MR. DOODY: They say in the industry, they drill prospects, not regulations.

MR. STRACHAN: That is right. They used it. They tried to use it to put pressure on us because they thought we would very quickly knuckle under and give way. Now it sounds like this is a 'praise the administration and knock Ottawa' night, but regardless of it I still feel very strongly that what has been done is correct, and if it is correct let us say so, because I feel very strongly that if we were on that side I hope we would do the same or even possibly take a tougher line. And one of the things that I have listened to from the member from Kilbride (Mr. Wells) when he talks about our relationship with Ottawa is that possibly in the past we poormouthed a little bit too much to Ottawa, or possibly when we take our lines of defence with Ottawa - our lines of attack, we are not strong enough. Maybe we are not scaring them enough. Western Canada has scared them now. They are starting to get frightened of Western Canada. They are certainly scared of Quebec. Then possibly what we have to do in this Province is start getting up and going on the attack, rather than a defence and lying back here and taking some of the digs that they are prepared to give us. Maybe what we are going to have to do is to frighten them out of their pants, decide to do certain things and certain tactics which will really frighten Ottawa. Because we are not a poor Province. We talk about being a 'have not' province, we talk about our

MR. STRACHAN: poor resources and I think the member from Kilbride (Mr. Wells) is wrong in that. How can you be a poor province when if you had all your hydro resources developed you would be putting into this Province \$1.8 billion per year just from hydro alone? How can you be a 'have not' province when you have \$1.8 billion coming into this Province if our hydro sites in Labrador were developed? You cannot be a poor province.

MR. STRACHAN: It is impossible to be.

MR. MURPHY: And sold.

MR. PECKFORD: Delivered.

MR. STRACHAN: Sold and delivered according to us on our terms and not on anybody else's terms. So I do not believe we are a poor Province and I do not believe that Labrador is poor. It may be poor by travelling and looking at some of the homes and some of the villages and the communities and so on; it may look poor but properly developed with strength and guts and fight, then surely it is a very rich place, an extremely rich place. It cannot be anything else but. And if we realized that, if we did not say to ourselves all the time that we are poor, that we cannot get into this kind of industries, we cannot get into industrial development, that we do not have the mechanism for industrial development - we have minerals in Labrador, we have minerals on the Island, minerals in this Province, surely we can get into some more development very easily, the proper long-term development using the hydro power. I do not know that if we use some of the hydro power from Gull Island and combine it with iron ore from Labrador City, because nowadays you only need a small amount of coke for the primary deduction process and then you can get into electric smelting, that we could maybe make steel bars. Or we could process it further provided we had the guts to turn around and tell IOCC and all the vested interest, that it has to be done within this Province, legislated to be done within this Province, and not let all the iron ore go out to feed the centralist government in Ottawa, not all going to Hamilton, not all going up to Central Canada that is being developed within here.

But it requires that type of guts and the realization that we are not poor, that we are

MR. STRACHAN: not here lying in poverty with our hat out waiting for welfare cheques from Ottawa. And this is the attitude they have toward us. Possibly we have to change our own attitude first and develop a line of attack and make them realize that we have these resources and if we have these resources we want to see them developed for the benefit of this Province. In this regard I support anyone opposite or anyone on this side or anyone in any political party which is prepared to challenge the federal government and take them on and make them realize that this Province is not going to lie down any more or go out with its cap in hand asking for welfare cheques.

SOME HON. MEMBERS: Hear, hear!

MR. FLIGHT: Mr. Chairman, as I listened to the debate - It has come full-circle now, Mr. Chairman. I heard the member for Kilbirde (Mr. Wells) stand up and suggest that it is Ottawa's fault. And it is. I agree with most of the things he said. I agree with most of the things that the member for Eagle River (Mr. Strachan) said. But we might as well face the facts. I would like to hear the minister tell us what would happen. Let us assume today that Ottawa gave us the \$3 billion to develop the Lower Churchill and build the tunnel. Let us assume we had the money. So, we develop the Lower Churchill, 1,800 megawatts I think it is - the minister would know for sure - what would we do with it, Mr. Chairman? The word is that we could only use one-tenth of the production.

MR. PECKFORD: By the time it is developed predictions have been that by 1982 or 1983 or whatever we would need 800 megawatts in the Province, and we would have to have some transmission or corridor to send the rest West on a short-term basis until we need it, and therein lies the kernel of the whole question.

MR. FLIGHT: And therein lies the problem.

MR. PECKFORD: Yes! Exactly!

MR. FLIGHT: It is not Ottawa's inability or refusal to help finance Churchill Falls or the Lower Churchill, it is their refusal to say to Quebec, Give them a corridor down or pay them more than 3 mils.

MR. PECKFORD: Exactly.

MR. SIMMONS: Have they refused on that issue?

MR. FLIGHT: Have they refused on that issue?

That is -

MR. SIMMONS: That has been put to them?

MR. PECKFORD: Oh yes.

MR. FLIGHT: That issue has been put to them?

MR. DOODY: We have even offered to pay a weaving charge.

MR. FLIGHT: So, Mr. Chairman, to me -

MR. SIMMONS: A what?

MR. PECKFORD: A charge through.

MR. DOODY: It is called a weaving charge.

You pay them for the right to go through the province.

We take the power at the border.

MR. FLIGHT: Mr. Chairman, I think it is fair.

The reason I say that is if we put the problem of the Lower Churchill in its proper context and it is not because - we cannot this -

MR. PECKFORD: There is no need for splitting hairs. Everybody agrees to that, you know.

MR. FLIGHT: We cannot develop the Lower Churchill even

Mr. Flight.

if we had the money to develop the Lower Churchill. There is no point in developing the Lower Churchill. Hinds Lake right now - people from Hydro and the minister have publicly stated themselves that they are simply doing a feasibility study now. Since Stephenville has closed down they may have to question whether or not it will be necessary to bring Hinds Lake in this Fall whereas they intended to. The minister shakes his head, but that was his statement.

MR. PECKFORD: That has not been determined yet.

That has not been determined.

MR. FLIGHT: It has not been determined. But seventy-six megawatts will be developed by Hinds Lake.

MR. DOODY: The last time we talked about developing a lake we got the member elected.

SOME HON.MEMBERS: Hear, hear!

MR. FLIGHT: Mr. Chairman, I am egotistical enough to think that this member could have gotten elected without Lloyds River.

But, Sir, the fact is that we are being told now - and I think the minister should put it in context - we are being told that it may not be necessary to develop the Hinds Lake project, because we may not need that seventy-six megawatts by 1980. Now what are we going to do with 1,800 if we did have the funds to develop the Lower Churchill? The problem, Mr. Chairman, is the same problem that we ran into with the Upper Churchill. We cannot export the surplus, the ninety per cent surplus that we would have. I am not aware of any industries knocking on our doors saying, If you had the power, we would establish. So, Mr. Chairman, it comes back full circle that either we sell the surplus to Quebec or we do not develop the Lower Churchill, and the funding is not the problem.

MR. NEARY: We also have to get the 800 megawatts to the Island here.

MR. FLIGHT: We have to get the 800 megawatts - yes, supposing we win our court case in a few days, in a few weeks, and we then have the 800 megawatts, and we have the justification for the tunnel, what happens to the 1,800 megawatts we produced in the Lower Churchill if we got all this co-operation from Ottawa that the minister talks about?

MR. PECKFORD: We would then build a transmission line.-

MR. FLIGHT: Then we would build a transmission line.

MR. PECKFORD: - to bring the power to the Province.-

MR. FLIGHT: Where would the transmission line -

MR. PECKFORD: - and sell the rest, the surplus at a market value rate on a recall basis.

MR. FLIGHT: Through Quebec?

MR. PECKFORD: Yes. That is what we would have to have. We are in Canada. I thought we joined Canada in 1949. Perhaps I made a mistake.

MR. DOODY: Bring that 800 megawatts down here.

MR. PECKFORD: What?

MR. DOODY: Bring that 800 megawatts down here -

MR. PECKFORD: Yes, right.

MR. DOODY: - and build the transmission line and the tunnel and then we would have a facility at the Lower Churchill.

MR. PECKFORD: At the Lower Churchill.

MR. DOODY: We can get half financing from the feds on the transmission line and we can probably finance the rest of it on our own.

MR. PECKFORD: Project financing.

MR. FLIGHT: To bring the power into the Island.

MR. PECKFORD: If you are talking about the Upper Churchill, 800 -

MR. FLIGHT: I am talking about what do we do with the surplus?

MR. PECKFORD: What are you talking about?

MR. FLIGHT: I am talking about if we develop the Lower Churchill -

MR. PECKFORD: Oh, I thought you were talking about -

MR. FLIGHT:: You know, Mr. Chairman, that is the point I am trying to get into context -

MR. PECKFORD: It is very difficult to know what point you are talking about. You started on -

MR. FLIGHT: What are we going to do with it? If we recall the 800 from the Upper Chrchill, and we bring it into the Province that takes care of our current needs for the next three or four years. Then what happens to any surpluses that come has a result of developing the Lower Churchill?

MR. NEARY: Sell it.

MR. FLIGHT: Do we bring it down and send it across the Anglo-Saxon route?

MR. PECKFORD: No, no!

MR. FLIGHT: I am not hearing much about the Anglo-Saxon route these last few days. We are not being told for sure if the technology is there to develop it.

MR. PECKFORD: The technology is there.

MR. FLIGHT: I remember ten years ago when it was proposed and then it was a ridiculous -

MR. PECKFORD: Boy, you are all over the place.

I wish you would develop one point so we can follow you.

MR. FLIGHT: All right, Mr. Chairman, I will develop one point.

What do you propose to do assuming you could develop the Lower Churchill tonight with the surplus that you will have on your hands? Assuming you had the money what would you do with the surplus of power that we cannot use in this Province even if we had a tunnel?

MR. PECKFORD: Okay, you are talking about the Lower Churchill.

MR. FLIGHT: Yes, the Lower Churchill, plus the 800 megawatts you are trying to recall.

MR. PECKFORD: Now what are you talking about? Are you talking about both?

MR. FLIGHT: Both, yes.

MR. PECKFORD: Okay. Well, number one, if you got the recall power from the Upper Churchill and simultaneously you have financing for your Lower Churchill -

MR. FLIGHT: Right.

MR. PECKFORD: - you first of all -

MR. FLIGHT: You got 2,400 megawatts of electricity.

MR. DOODY: All at the same time.

MR. PECKFORD: Well, this is what he is saying, having it all right now.

MR. FLIGHT: What would happen? What would this Province do with it?

MR. PECKFORD: Well, the first thing we would do is we would bring the 800 megawatts on the recall of the Upper Churchill down and build our tunnel and bring peak power to the Province and to Labrador and that would

Mr. Peckford.

satisfy our own needs. Then I do not know where you would get all your financing that you say. It is a pretty hypothetical situation, but then you would try to develop industries, plus export West for surplus on Lower Churchill project itself, and the financing would be charged to Quebec.

MR. FLIGHT: That is a lot of ifs for the rackets we are kicking up about building the Lower Churchill. That is an awful lot of ifs. That is the kind of ifs -

MR. PECKFORD: Well, it is based on a very hypothetical situation.

MR. FLIGHT: - that is the kind of ifs that preceded the purchase of BRINCO for \$250 million, the same kind of ifs. .

MR. PECKFORD: That is a very simplistic kind of way of getting at it

MR. FLIGHT: Of course it is simplistic, Mr. Chairman, we own Brinco, we owe \$250 million plus interest, and we have not gained one iota - one thing. We were being told - this Province's hindsight is fine - but we were being told that the purchase of Brinco would bring about the development of the Lower Churchill. 'That is the only way we are going to be able to do it' - remember?

AN HON. MEMBER: - Brinco - bought the shares

MR. FLIGHT: You nationalize - well, it cost you \$250 million.

MR. PECKFORD: We did not buy Brinco. Brinco is still in business, you know.

MR. FLIGHT: So, Mr. Chairman, there are a lot of people, maybe everyone in this House believes that everything the minister is saying and everything the government is doing with regards to the development of our hydro is right and proper, but there are a lot of questions that can be asked. We cannot use 800 megawatts. The Hydro Newfoundland have said right now that they only -

MR. PECKFORD: That was projections.

MR. FLIGHT: - they only have to develop Hinds Lake to carry us into the 1980's -

MR. PECKFORD: No.

MR. FLIGHT: - Seventy-six megawatts.

MR. PECKFORD: No, you are wrong. That is the -

MR. FLIGHT: No, I am not wrong. The Hydro people are wrong, not me. I can get the Hydro's last statement and the minister's publicly.

MR. PECKFORD: Not into the 1980's. Hinds Lake will not take us into the 1980's.

MR. FLIGHT: Hinds Lake will not come on stream if they start development this Fall, until 1980.

MR. PECKFORD: 1979.

MR. FLIGHT: 1979 - Spring of 1980.

MR. PECKFORD: And then -

MR. FLIGHT:

All right, 1979 -

MR. PECKFORD:

And then in order to prepare for the early 1980's we will have to bring another one on next year -

MR. FLIGHT:

Yes, we will bring on Cat Arm and we will bring on the Lower Salmon. Supposing we did, what do we do with the other 1,800 megawatts you are proposing to develop in the Lower Churchill?

MR. PECKFORD:

By the time you could develop the Lower Churchill you would need it by 1983 where all the power on the three projects you just mentioned on the Island would be used up.

MR. FLIGHT:

Mr. Chairman, it is a fair statement - given the facts as they have happened these last couple of years it is a fair statement to make here that the Lower Churchill will never be developed unless we deal with Quebec one way or the other. We deal with them by either having the federal government declare a corridor or we sell it to them at the best price we can get. Now that is what happened to the Upper Churchill and that is what is going to happen on the Lower Churchill or it will never be developed.

MR. LUNDRIGAN:

Can we not sell it in our own Province?

MR. FLIGHT:

There is no indication that the market is there.

MR. LUNDRIGAN:

There is the market there.

MR. FLIGHT:

Yes, where is the market?

MR. LUNDRIGAN:

We have done two years work on the market for power in our Province.

MR. FLIGHT:

Well, you have not publicized it very well, Sir.

MR. LUNDRIGAN:

No, that is right.

MR. FLIGHT:

It has not been very well publicized.

MR. LUNDRIGAN:

- we got this power.

MR. FLIGHT:

The only industries I have heard tell

MR. FLIGHT: that would use the kind of electricity we are talking about bringing in is aluminum. And the question is is whether they are worth it.

MR. LUNDRIGAN: That is one, and that is the question so -

MR. FLIGHT: Well, what is the other one? Give me -
I have named one.

MR. LUNDRIGAN: I am not going to give the hon. member that kind of information.

MR. MURPHY: Cheap power for Labrador -

MR. FLIGHT: Cheap power -

MR. LUNDRIGAN: When he gets ready to give a speech, then we will do it.

MR. FLIGHT: When the minister -

MR. SIMMONS: You are forgetting, 'Graham' that this is the minister responsible for concealment of information. You will get nothing from him.

MR. LUNDRIGAN: I might confuse you with some facts.

MR. FLIGHT: So just briefly, Mr. Chairman, on offshore oil and gas; you know, it was interesting to me. We have the White Paper on offshore oil, on the type of control we want and it has been applauded throughout the Province, Mr. Chairman. But I am aware that Ottawa has been insisting on jurisdictional rights but I am not aware of the kind of controls that Ottawa would have made had they the same jurisdictional rights agreement with Newfoundland that they got with Nova Scotia and the Maritime provinces. I am not aware, I have not seen published what those types of controls are, whether they are any more stringent or any less stringent than our provincial ones are. One reason maybe why Eastcan is not drilling this summer is that they are not sure that the White Paper that the minister has indicated as to legislation he has proposed to bring in that the regulations will indeed be accepted, when he is not sure that the federal government - Supreme Court is not going to overturn it, the same way that they might not give us the 800 megawatts that we have sued for.

MR. PECKFORD: Talk to your colleagues about it.

MR. FLIGHT: I am talking to the minister.

MR. LUNDRIGAN: Bring back 'Strachan'.

MR. FLIGHT: Pardon me?

MR. LUNDRIGAN: Bring back Strachan and let him explain it to you.

MR. FLIGHT: Well, all right, but I mean, you know, you are allowed to agree or disagree. Well, if the minister is going to stand up to us let him answer as to whether or not - what kind of controls - why Eastcan is not drilling there.

So, Mr. Chairman, I think that if we are going to talk about the development of our hydro potential in Labrador we should talk about it in the context that it is, And the farthest thing from the minister's mind right now - the most important thing is to get the \$78 million that he needs to pay the bills that went for the development of the Lower Churchill to this point - \$78 million that has not in one iota meant anything to the better interest of the people of this Province - \$268 million now, I think, gone into the Lower Churchill, including that \$78 million. It will be nice to have that \$258 million now, Mr. Chairman, now that we need it to create the kinds of jobs we need to cut into the 39 per cent or 40 per cent unemployment we have in this Province. That is all hindsight. But it was not all hindsight that was being talked about. People saw this, but the government went on - were going to do it. They did it and we are in no better position now with regards to development of our power potential in Labrador than we were when we made that magnificent deal with Brinco. So, Mr. Chairman, you know, that is no great revelation I made there. But, Mr. Chairman, as I sat there and listened to some of the things I heard here I just thought I would give myself the self-satisfaction of getting up and saying it, because I believe that is the position we are in with our power in Labrador.

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

MR. NEARY: I knew I would get the three of them up, Mr. Chairman.

MR. J. CARTER: I have a few words to address to the -

MR. NEARY: The last of the Three Stooges.

MR. J. CARTER: I have a few words to address to the hon. member for LaPoile (Mr. Neary), I might as well begin with that.

AN HON. MEMBER: Carry on.

MR. J. CARTER: Fortunately he has blown his credibility completely and utterly. I suppose a couple of weeks ago the member for Burgeo-Bay d'Espoir (Mr. Simmons) was speaking, and he very graciously permitted a question, a serious question. And the question I addressed to him, he probably remembers it, was does he or do any of his colleagues hold this government responsible in any way for the failure at Come By Chance? And he said, Yes. But he said it as though he did not believe it. But the hon. member for LaPoile jumped right in there, Oh yes, it was all of our fault. It had nothing to do with - the failure at Come By Chance, of course, had nothing to do with the fact that Shaheen did not, would not, or could not pay his oil bills, any of them, first nor last. That had nothing to do with anything. All our fault, I suppose.

So the hon. member for LaPoile has blown his credibility once and for all, and no one needs to pay any serious attention to anything he says. If he told me it was raining outside I would have to go and check first. If he told me -

MR. NEARY: No wonder the hon. Premier is standing in the door looking at you wild-eyed.

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: It is a wonder he can stomach you at all, He has not given you the flick right right out of the Tory party.

MR. J. CARTER: See the hon. member for LaPoile his only defense is a great stream of venomous abuse, and this -

MR. SIMMONS: Why this vicious attack on me, 'John'?

MR. J. CARTER: Pardon?

MR. SIMMONS: Why this vicious attack on me?

MR. J. CARTER: Well, the hon. member for Burgeo-Bay d'Espoir (Mr. Simmons), there is no vicious attack on him, but if he would like to reiterate the point that he made the other day I would be quite happy to allow him a few moments.

MR. SIMMONS: I can do it in one second.

MR. NEARY: The hon. Premier got a big cross to bear.

MR. SIMMONS: I can do it in one second.

MR. J. CARTER: Please do.

MR. SIMMONS: I said probably that this administration must share a part of the blame for the Come By Chance close down.

AN HON. MEMBER: Nearly all of it.

MR. SIMMONS: Not nearly all of it, but a good part.

MR. J. CARTER: This only confirms that the hon. member for Burgeo-Bay d'Espoir has blown his credibility as well, which is very sad.

Anyway to get to the main few points that I want to make -

MR. NEARY: One of the crosses that the hon. Premier has to bear.

MR. J. CARTER: One of the crosses, Mr. Chairman, that this House has to bear is the hon. Lip! Talk about LIP programmes. There is a LIP programme, our own home-grown LIP programme, spelled L-I-P, a capital L-I-P.

SOME HON. MEMBER: Oh, oh!

MR. NEARY: Old scatter-day 'John'.

MR. J. CARTER: It does not give me any pleasure, Mr. Chairman, to say to this House that I told you so, but it is true that back a year and a half ago I voted against this \$55 million for the Lower Churchill, and I voted against it for the very reason that the member for LaPoile explored earlier this evening in this speech. I voted against

Mr. J. Carter:

it because the federal government would not share any part of that \$55 million that we were about to risk.

AN HON. MEMBER: Why was that?

MR. J. CARTER: I was reading Hansard, a copy of Hansard in which my remarks were printed just before supper, and it jogged my memory, I made it quite clear at the time that if Ottawa was prepared to pay any part or parcel of this \$55 million that my objections would evaporate. But Ottawa did not and would not, and so I voted against it. It does not give me any pleasure to say I told you so. But I think I was right and subsequent events have proven me right.

Of course, I suppose we are probably wasting our time debating it because the figures that come across the desk here are in the nine digit figures, and I guess people just do not care. They are such large figures, they are so far beyond our ordinary every day household accounts -

MR. DOODY: Not your average savoury account.

MR. J. CARTER: Not your average income, so I guess they do not mean much to us.

Now I think it is quite right that the government should exclude some of the opposition from any participation in any serious debate because they have shown quite clearly that they are not quite capable of engaging in serious debate. But I am saddened that

MR. J. CARTER: backbenchers and ordinary members of this party are excluded from any input into the government, and I would go further -

MR. NEARY: Have they been silenced or what?

MR. J. CARTER: - and say that I suggest that many Cabinet ministers do not have the kind of input that they should put in to a government. Now it is not entirely - I am not blaming any one person because, although I think the one person that could be blamed is the former Premier who ran a one-man show for so long that the civil servants and the advisors of the government came to expect one-man rule. And one-man or two or three-man rule does not work however talented they may be.

So the real decisions I think in this government as in many governments are made by three or four men and of course no one can have a perfect batting average. So the point about all this of course is big mistakes can very easily be made, they can be made by very talented people, and they can be made by people with the best of intentions. And I just hope that this whole dreary episode will perhaps be worthwhile if we learn by our mistakes and before we proceed with any more Lower Churchill exploration that we include Ottawa and make sure that Ottawa is included.

I was very interested in the remarks made by the Minister of Mines and Energy that nuclear power is probably becoming more and more feasible and now that some of the environmentalists' suggestions have evaporated it is more likely to be encouraged. We forget, you know, that Grand Falls and Corner Brook were located strategically very close to the sources of power. But today the James Bay complex, the Churchill Falls, the Lower Churchill, they are all very remote from the source - or from the consuming industries and the cost of the transmission lines are often several times the cost of the generating power. So it may well be that our future lies in the nuclear route and

MR. J. CARTER: if it does this may be the last we have heard of the Lower Churchill. It has been a sad situation but I just hope that this mistake is not repeated. I do not particularly wish to vote against this particular item of Supplementary Supply. I do not intend to go to the wall about it, but I certainly will not see the member for St. John's East stand alone. But at the same time I am not keen to vote against it.

MR. NEARY: Do not be so hypocritical about it.

MR. J. CARTER: The hon. member is really pathetic. Mankind has been classified as Homosapiens, which is just the way we are categorized biologically. And I think the hon. member for LaPoile could be perhaps categorized homo patheticus or just - anyway

MR. NEARY It is too bad they did not -

MR. J. CARTER: The hon. member would be heading the list, I think. Anyway, Mr. Chairman, with those few remarks I will take my seat .

MR. NEARY: Sit down and do not make a fool of yourself.

MR. J. CARTER: Mr. Chairman, it is a good thing I have broad shoulders.

MR. DOODY: I do not know if the hon. member from Burgeo-Bay d'Espoir is going to add a few comments to these, but I have very little to add to this. Mr. Chairman, most of the pertinent points and discussion here this evening, most of the arguments seem to have developed around the Supplementary Supply vote for Finance which was mainly made up of the Gull Island

Mr. Doody:

loan of \$75 million. Many speakers have touched on that subject and have covered it fairly well. There were one or two points that I think perhaps the hon. member for Windsor-Buchans (Mr. Flight) mentioned which are worthy of comment, and his major concern was the fact that if we had not spent the \$160 million for the purchase of the CFLCo shares - and I would like to emphasize the fact that it was the shares in the Churchill Falls (Labrador) Corporation that we bought and we did not buy BRINCO - if that \$160 million purchase had not been made then we would have been that much money to the good. I think the tragedy of the situation is that the Province of Newfoundland felt it necessary to purchase back its own natural resource, the hydro resources, the water rights in Labrador, which is a matter of concern. Obviously we would have preferred to have had the \$160 million and not have had to purchase back that which had been given away, but we felt it was necessary for this generation and future generations that we have control of our own resources, and I think that equally applies to the offshore situation. It has been said that why should we not settle for the same as those other Eastern provinces for a 75-25 split of the returns. Well it is not a split of the returns that they have settled for; they have settled for a split of the revenue, and a say in the development, but only a voice not a veto.

We contend that the 75-25 revenue return is the least important part of the offshore resource. The control of the offshore resource is the vital part. And if it sits there forever during our lifetime then future generations will benefit from it. I see absolutely no point in settling for a short term benefit of 25 or 75 per cent of whatever Ottawa decrees is right and just in some of their giveaway programmes. And this generation may very well - we may very well lose some popularity in the short term and that is the price that we pay for preserving our heritage, and it is the price that I am quite willing to share in.

MR. DOODY: The member for LaPoile asked about the EPA situation, which was the other part of the finance vote: How did the Province manage to end up financing the entire \$3 million effort, the \$1.5 million loan, the \$1.5 million grant which was originally projected as a DREE shared programme. The problem, Sir, was that we assumed and had reason to believe, our preliminary discussions had led us to believe that DREE would be willing to cost share the programme. Well for some reason-I might say that the same thing had happened in Halifax where EPA put in a training school for crews and the programme was cost shared by DREE there. Whether or not DREE felt that because the hangar had been started before we started negotiating with them or whatever reason it was they eventually said, No they would participate in the Halifax situation, they would not participate in the Gander situation. They felt -

MR. NEARY: They felt the hon. Premier jumped the gun.

MR. DOODY: Well the gun had been jumped, the programme had been started, the hangar had been begun and was in progress when EPA came to us for assistance, and we ended up picking up the tab with EPA, half loan and half grant, and in order to keep that facility in Gander I still feel and government feels and I am sure that most of the population feels that it was well worth the effort. Once again it is a situation of Halifax competing with us for that industry.

MR. NEARY: And you should have had the other -

MR. DOODY: And we should have had the training school here also, but once again Ottawa seemed to have absolutely no problem working out a deal with Mr. Regan and his associates in Halifax, and perhaps the offshore resources that they passed over to the feds in Halifax may very well have had something to do with it. I do not know. I can only conjecture but it is not the sort of dealing that we are going to get involved in because the resources are not ours, they belong to all of the people.

And so, Sir, I do not think there is much point in my touching on any of these other items. I think that they have been pretty well covered. The only ones that were questioned were the ones that I have

mentioned. And with these few comments, Sir, I would ask that the Committee pass the resolution and the Supplementary Supply Bill.

On motion resolution, carried.

On motion enacting clause, carried.

A bill, "An Act For Granting To Her Majesty Certain Sum Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March, 1977 And For Other Purposes Relating To The Public Service." (Bill No.56)

On motion clause 1 as amended, carried.

On motion clause 2 carried.

On motion that the Committee report having passed the resolution and bill with amendment, carried.

MR. PECKFORD: Mr. Chairman, I move that the Committee rise and report progress and ask leave to sit again.

On motion that the Committee rise and report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

MR. SPEAKER: The hon. member.

MR. CHAIRMAN: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report having considered a certain resolution and a bill consequent thereto being Bill No. 56 with some amendments and recommend that said bill be introduced to give effect to the same and ask leave to sit again.

MR. SPEAKER: The Chairman of the Committee of Supply reports that they have considered a resolution and recommend a bill consequent thereto, Bill No. 56, with amendment and ask leave to sit again.

On motion report received and adopted.

On motion amendments read a first and second time.

On motion bill ordered read a first time presently by leave.

On motion, a bill, "An Act For Granting To Her Majesty Certain Sums Of Money For Defraying Certain Expenses Of The Public Service For The Financial Year Ending The Thirty-First Day Of March, 1977, And For Other Purposes Related To The Public Service," read a first time,

second and third time, ordered passed and its title be as
on the Order Paper.

MR. SPEAKER: Do hon. members wish to call it eleven o'clock?

MR. PECKFORD: Mr. Chairman, I would if all hon. members
agree and no doubt they would considering the time, six minutes before
eleven o'clock, that they would call it eleven o'clock.

I move the adjournment of the House until
tomorrow at three o'clock.

— On motion the House at its rising adjourned
until tomorrow Wednesday at 3:00 P.M. June 1, 1977.