

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
MONDAY, APRIL 30, 1979

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER (Ottenheimer): Order, please!

STATEMENTS BY MINISTERS:

MR. SPEAKER: The hon. Premier.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Mr. Speaker, in 1959 the United Nations acclaimed a declaration of the rights of the child. This declaration carried the message that the well-being of children should be the concern of people everywhere because children are the world's greatest resources. Not only are they future leaders, but they represent the hope for the peace and prosperity of tomorrow's world. Since the present and future role of children is so essential it falls on everyone - parents teachers, church leaders, community leaders and political representatives-to do their utmost in ensuring that children have every opportunity to develop their own citizenship role and unique identity as participating members of the Newfoundland and world society.

1979 is International Year of the Child and this morning I had the honour to declare tomorrow, Tuesday, May 1st., as Children's Day in Newfoundland. When I reflect on what we should try to accomplish on this day and in this year, I can identify two very distinct themes that should highlight activities and events planned for the next several months and beyond.

The first objective should be the celebration of the joy of childhood and the very special place that children have in Newfoundland. The other theme, which is just as important, is the need for communities,

PREMIER PECKFORD: individuals and government to review the quality of children's lives in this Province and to encourage all these people to promote plans and services aimed at strengthening child development. Our schools, our hospitals, child welfare systems and other services must be judged in terms of their impact on children and the gaps they may have in trying to meet the requirements of all children in our Province. I refer especially to those children who are handicapped in one manner or another. Much has been accomplished but much needs remains to be accomplished in meeting the needs of these children, and I can assure you that during this very special year this critical area will receive a high level of government attention.

I sincerely believe that the real test of this year will be the difference it makes in the lives of children in the years to come.

PREMIER PECKFORD: Each of us has a crucial role to play in this endeavour and each of us must consider our personal responsibility to ensure that the aims and objectives of the International Year of the Child are respected and recognized by all our citizens in this Province for all time to come.

SOME HON. MEMBERS: Hear, hear.

MR. SPEAKER: (Mr. Ottenheimer) Hon. Leader of the Opposition.

MR. W. N. ROWE: Mr. Speaker, we would like to, Sir, associate ourselves with the remarks of the hon. the Premier who is looking very fit and healthy there today following two or three weeks break from the House.

This is the International Year of the Child and we welcome his proclamation that tomorrow will be Children's Day in this Province. One thing the hon. the Premier did not mention and although we associate ourselves with what he had to say about the fostering of childhood and children everywhere, one thing he did not mention which I would like to see the Government become more involved in and this House of Assembly and that is the whole question of legal rights for children as separate entities in our society. Certainly children have some basic legal rights now, but, Sir, their rights as individuals, as persons in their own right are not nearly well enough protected now under the existing statute law or the existing common law. I would like to see, Sir, the Government give some consideration in this International Year of the Child to making sure that in certain legal processes that occur before our courts that children are represented in their own right by legal counsel as a matter of right. Sometimes in disputes which go on between two parents, for example, concerning the rights of a child, the children's rights are sometimes obscured, even trampled on by the effort of parents to establish their own rights, their own legal rights in respect of that child, I think that in this progressive day and age, and in a year where the rights of the child are going to be focused on, that this Government here

MR. W.N. ROWE: should give great consideration to improving the civil rights and the legal rights of children in this Province, as is happening, by the way, in many jurisdictions in the United States where there is a recognition that children, especially juveniles, people who get involved in juvenile delinquency, are not in fact accorded the same rights under the law as adult persons are at the present time. I think that it is something the Government should give great consideration to; there is no reason why this Province should not lead the way in Canada in the establishment of better legal rights, better civil rights, better human rights for children-in their own right, not as represented by their parents, but in their own rights

MR. W.N. ROWE:

as distinct entities, as distinct individuals in this country of ours.

SOME HON. MEMBERS:

Hear, hear!

PRESENTING PETITIONS

MR. SPEAKER (MR. OTTENHEIMER):

The hon. member for Conception Bay South.

MR. J. NOLAN:

Mr. Speaker, I rise to present a petition of about 229 names from the community of St. Thomas. And it reads, "We, the undersigned voters of St. Thomas in the electoral district of Conception Bay South in the Province of Newfoundland, petition the hon. the House of Assembly that the recommendations of the Gullage report with respect to the boundary issue of St. Thomas, Paradise, the watershed and Metro Board be now implemented and the boundaries of each entity defined."

Now this is a matter that has been the source of some controversy and some anguish for some considerable time, because you have a situation within the St. Thomas area, for example, where you have had the watershed that has been tied up for some considerable time. There is great concern by people both in St. Thomas and Paradise about whether or not this in fact should be tied up, as to whether or not it is still available or should be made available for the City of St. John's. We hear a great deal of talk about the Bay Bulls water supply and so on, and the people down there historically have been associated with the watershed area and they find that it has been taken out of their control altogether.

One of the things, it seems to me, that would have been practical, and maybe the minister might want to respond to this, that is safe to assume, I would think, Mr. Speaker, judging from this petition is that reasonable men can reason together, and why not bring together the council of St. Thomas, the council of Paradise and even the Metro Board all in one room and sit down and

MR. J. NOLAN: talk it out. There may very well have to be a little give and take on behalf of all sides. But attempting to have meetings with one group and then another I am afraid leaves the impression abroad the land that you may be very well, intentionally or otherwise, attempting to set one group against the other, neighbouring communities one against the other. Now, my understanding, and I am subject to correction such a meeting as I just mentioned has not been held, the three groups have not been brought together. I would hope that the minister will certainly address himself to that because I believe it is important, St. Thomas, Paradise and the Metro Board, since they are also involved, bring them together in one room and sit down and hammer it out and see if some solution cannot be found. But to attempt to meet with one group, and then another and then another, particularly since the Metro Board are not elected at all but appointed, would appear to many people that the situation is to set one group against the other. Now I would not think the minister would want to go that route.

MR. NOLAN: I understand he is going to make an announcement shortly regarding the Gullage Report. I think he would be wise to bring all three groups together and sit down and hammer this thing out because otherwise you are going to have, in my opinion, a lot of trouble, a lot of suspicion, and some of it perhaps misplaced, but it is there already and you could very well merely exaggerate the situation and worsen it unless all three groups have been brought together in an honest, sincere effort to sit down and iron out this report. It is not fair to expect Mr. Gullage, or anybody else, to be the sole knowledge of all the differences that there may be there on land and permits. There has been some terrible suffering in this, by the way, terrible suffering. Men and women who have had land have been granted permits, in some instances, and then have been told they are not allowed to build, at great possible cost to them, possibly causing financial bankruptcy. It has been going on for a couple of years and they deserve some answers. I do not think it is satisfactory and it will not be accepted by the people in Paradise or St. Thomas or anywhere else to merely have some professional planner stand up at a meeting and say, "Here is what it is and here is what you should have." Unless they know the community, unless they are familiar with the historic growth within the community in farming and all the other matters that are involved, the answer, whatever it is, will not fly. You are going to have a lot of trouble on your hands, you are going to be cutting a stick to beat your own back. So there are 229 names on this petition. I would think that is just about the whole community of St. Thomas, is it not? I would think so. So this is a sincere effort to make the minister aware of the fact that there is great concern here - I am sure he probably knows it already. I hope he will consider, before he makes any announcement, bringing all three together. I understand that it has been suggested to him. Why he has not accepted it I do not know. But if, for example, the mayor of St. Thomas, if he did in fact ask for such a meeting, and if it were refused or ignored, then I think

MR.NOLAN: that he deserves an answer and maybe this might be the afternoon for it. So, Mr. Speaker, I can strongly support the prayer of the petition and I would like to table it and have it referred to the department to which it relates.

MR. W. ROWE: Mr. Speaker.

MR. SPEAKER:(Mr.Ottenheimer) The hon. Leader of the Opposition.

MR.W. ROWE: I am rising, Sir, to support the petition so ably presented by my hon. colleague,the member for Conception Bay South (Mr.Nolan),and in doing so , Sir, I take note of the fact that the mayor of St. Thomas, the residents of which have presented this petition,is in the gallery today, the Speaker's gallery, watching this proceeding with great interest, a petition, Sir, signed by,as my hon. colleague said,what must be nearly all, if not all,of the residents of that community, that beautiful community, that very lovely community in Conception Bay,

Mr. W. N. Rowe: signed by 229 residents of that community, a petition which asks for the implementation of the Gullage report. Now, Sir, Mr. Gullage is a very knowledgeable man, a man who has spent considerable time drafting this report up and bringing the facts and figures together. And so the very least that you can accord to him, a man who was a councillor in the City of St. John's and very highly esteemed and reputed at that time, the very least you can do, Sir, is say that he presents a strong prima facie case in favour of the division of the boundaries which he has suggested.

But, Sir, I agree entirely with what my hon. colleague, the member for Conception Bay South (Mr. Nolan) has said, namely that there must be a meeting of the minds on this matter. Few situations or few questions raised the hackles, the tempers, the blood pressure of people so much as matters of boundaries, matters of ownership of land, matters of jurisdiction by communities or countries or provinces or whatever.

I would say, Sir, that there is a definite duty incumbent on the government and on the minister to bring together the town of Paradise, the town of St. Thomas, the Metro Board, the various people with knowledge within the government and the department concerned, sit down and try to , using the Gullage report as a basis and perhaps as the ultimate answer to the question, but using it at least as a basis try to hammer out in a reasonable way, by negotiation, not by confrontation, but by negotiation try to hammer out a reasonable settlement of this boundary question. I think it should be done without undue delay, Sir, before positions harden beyond the point of no return. It should be done immediately. And, Sir, I have no hesitation whatsoever in supporting the prayer of this petition that the Gullage report, or I would add by way of the principle of the petition, the Gullage report or something closely approximating it which is agreeable to all the parties concerned be implemented without undue delay and in the interest of all the communities and residents involved in this question.

MR. SPEAKER (MR. OTTENHEIMER): The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, briefly I want to support the petition presented on behalf of the residents of St. Thomas, Sir, in connection with the controversial boundary dispute that has been going on down there for sometime. I hope, Mr. Speaker, that we will not let this situation deteriorate to the stage where another sign will have to cut down and brought in on the floor of Confederation Building to bring the point home to the minister and to the government that this matter needs to be straightened out at early date as possible.

I am amazed, Mr. Speaker, that the residents

MR. NEARY: have had to go about circulating a petition - the inconvenience of it! - circulating a petition to present in the House to have the recommendations of the Gullage report recommended, and this report has been in the hands of the government for some time. I do not know why the government would drag their feet on the report, Mr. Speaker, and have forced the people into a position where they had to go and circulate a petition and have it brought into the House to ask the government to act on a report of a Royal Commission that was established by the government itself. I mean, what was it set up for? Was it a stalling tactic, Mr. Speaker, or are they serious about it and do they intend to implement his recommendations? Well, now the minister has the opportunity. My colleague has presented the petition and the Mayor of St. Thomas and his colleague are sitting in the gallery; now is the opportunity for the minister to stand in his place and assure the residents of St. Thomas, Paradise and people who live within the Metro Board that this matter of the boundary dispute is going to be settled at as early a date as possible, that the people who want to build houses are not going to be hung up any longer, people who thought they were living in one community and discovered they were within the boundaries of another community, that that will be straightened out and all the other matters within the terms of reference of the Gullage Commission will be straightened out to the satisfaction of all concerned. As my hon. colleague, the Leader of the Opposition, indicated, if it is not done quickly, if the minister takes the route of meeting the parties separately and individually, he will immediately become suspect that something is going on, that there is some wheeling and dealing going on, under-the-table deals being made. So it is better to sit down with the three parties.

MR. SIMMONS: We know all about that.

MR. NEARY: That is right, we know all about that - sit down and negotiate with all the parties, find a common ground and get this matter settled to the satisfaction of all the people concerned.

AN HON. MEMBER: Hear, hear!

MR. SPEAKER: (Mr. Ottenheimer) Before recognizing the hon. minister, I would like to welcome to the House of Assembly on behalf of hon. members on both sides, the Mayor of St. Thomas and any councillors of that community who are with him today.

The hon. the Minister of Municipal Affairs and Housing.

SOME HON. MEMBERS: Hear, hear!

MR. N. WINDSOR: Thank you, Mr. Speaker. Let me assure hon. members that first of all I think there has been great input into this particular controversy. We have had the Commission report, as hon. gentlemen have referred to, which was done by an impartial person and the recommendations brought in to us. Unlike hon. gentlemen opposite, I consider them only recommendations and accept the responsibility placed on me by this office of making decisions in certain instances. We have given every individual concerned the opportunity to have an input and we have had individual representations in writing, verbally. We have had the councils concerned come into our office, discuss with us at length their position on it and I think the time now is ripe to make a decision on it. We will be making that decision or making some statement in that regard within the next two to three days at the latest and I can assure

MR. N. WINDSOR: hon. gentleman opposite that the wishes of the people affected by this particular controversy will be given every possible consideration.

AN HON. MEMBER: Hear, hear!

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER (Ottenheimer): The hon. Minister of Finance.

DR. J. COLLINS: Mr. Speaker, pursuant to section 45 of the Financial Administration Act I have pleasure in tabling a list of demand loans and treasury bills for the period March 6, 1978 - March 30, 1979 and pursuant to section 51 of the same act to detail the only guaranteed loan since the last sitting of the House up to the end of March of this year.

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

MR. DOODY: Mr. Speaker, I table the copy of the list of mineral areas that have come back to the Crown under the Minerals Act, 1976.

NOTICES OF MOTION:

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, a bill, "An Act To Reform The Law Respecting The Property Of Married Persons," and a bill, "An Act To Amend The Securities Act."

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN:

MR. SPEAKER: The hon. Minister of Health.

MR. HOUSE: Mr. Speaker, I have the answers to five questions that were placed on the Order Paper by the member for LaPoile (Mr. Neary) to the Minister of Health and they are questions 23, 26, 34, 36 and 41. I think one of them, due to the fact of some of the controversy I should give a statistic on and that is the number of doctors graduating from the School of Medicine, Memorial, and in the four year period '74 to '77 there has been 142. 88 of these are now practicing -

MR. HOUSE: and they are 142 native
Newfoundlanders - 88 are practicing now in the Province,
27 are furthering their education in specialties and
17 have gone practicing elsewhere in Canada and 10
have gone to another country.

ORAL QUESTIONS:

MR. SPEAKER (Ottenheimer): The hon. Leader of the
Opposition.

MR. W. ROWE: Mr. Speaker, a question for
the hon. the Premier. Sir, I think the last time we
dealt with the matter of increases in hydro rates and
so on the Premier was uncertain as to whether there was
going to be any application for a further increase. All
uncertainty seems now to have evaporated. We have
Mr. Vic Young, the President of Newfoundland and Labrador
Hydro, announcing at a recent speech, according to today's
Daily News

Mr. W. N. Rowe: that there will in fact be an application made by Newfoundland and Labrador Hydro to the Public Utilities Board asking for an increase which will mean an increase of 10 per cent to the consumers, the users of electricity in this Province. Will the Premier confirm or deny whether in fact that is so, whether the Crown corporation is going to make that application to the Public Utilities Board and whether he has the approval of the government to make the application?

MR. SPEAKER (MR. OTTENEHIMER): The hon. the Premier.

PREMIER PECKFORD: Mr. Speaker, I do not understand the statements made by the Chairman of Newfoundland and Labrador Hydro the same way as the Leader of the Opposition does. Government is in the process, as I have indicated to the Leader of the Opposition on a number of occasions, of preparing the Budget, and major policy questions dealing with electrical rate increases and other such matters are now being discussed by Cabinet and by Treasury Board and in due course this hon. House and the people of Newfoundland will be informed as to government's policy which will have to be carried out by Newfoundland and Labrador Hydro as it relates to power increases this year and other such matters.

MR. W. N. ROWE: Mr. Speaker, there is nothing to understand -

MR. SPEAKER: A supplementary?

MR. W. N. ROWE: - on the matter, by way of a supplementary question, Sir. The paper reports the President of Newfoundland and Labrador Hydro as saying that Hydro will be looking for a 10 per cent increase at the consumer level when it goes to the Public Utilities Board for another rise in the price they charge to Newfoundland Light and Power Company this Summer. This will be done sometime this Summer, the Hydro Chairman said. By the way, is he Chairman or President? I was under the impression that a minister of the Crown was Chairman of Newfoundland Hydro. Perhaps the Premier could deal with that as well.

Sir, I do not understand the Premier's answer to the question.

MR. FLIGHT: He is dangerous.

MR. W. N. ROWE: Is the Crown corporation, Newfoundland and Labrador Hydro, which I understand to have a Cabinet minister as Chairman thereof on the Board, therefore carrying out on a policy basis the instructions of the Cabinet, the government, is Newfoundland and Labrador Hydro going to the Public Utilities Board this Summer with the approval of the government for a 10 per cent increase at the consumer level, is that going to happen this Summer or not, Mr. Speaker? A very simple question.

MR. SPEAKER (MR. OTTENHEIMER): The hon. the Premier.

PREMIER PECKFORD: Yes, Mr. Speaker, which deserves a very simple answer. The hon. Leader of the Opposition's argument is with the newspaper, not with—I understand the Chairman's comments. He was indicating or suggesting that the corporation might have to go ahead. And my response to the question and to the comments being made about the power increases is that government is in the process of determining what its policy will be towards power increases or no power increases in the fiscal year 1979-1980 in line with its preparation of the Budget which we will then make public to all Newfoundlanders and to this House.

MR. W. N. ROWE: Who is the Chairman of the Board now?

MR. NEARY: A supplementary?

MR. W. N. ROWE: A supplementary, Sir?

MR. SPEAKER: A supplementary, the original questioner.

MR. W. N. ROWE: The Premier did not deal with - is there still a Cabinet minister as Chairman of the Board or has that post been taken over by Mr. Young? In other words, is there any representations from the government on the Board of Newfoundland and Labrador Hydro?

MR. W.N. ROWE:

Hydro? number one, Sir. Number two, some time ago the hon. the Premier - about a month or probably five weeks ago now - the hon. the Premier indicated that they were in fact dealing with ERCO and some of the other industrial consumers of power with a view to re-negotiating their contracts. Now can the Premier indicate whether any progress has been made on this to date and if so when are the people of the Province likely to have an announcement by the government as to whether such negotiations have been successful or not?

MR. SPEAKER (MR. OTTENHEIMER): The hon. Premier.

PREMIER PECKFORD: Number one, several months ago now, Mr. Speaker, at least several months ago there was a public statement, an announcement concerning the composition of Newfoundland and Labrador Hydro, those people who were on the board and so on. There is not now, as a result of that policy made some time ago -

MR. W.N. ROWE: There is not now?

PREMIER PECKFORD: - there is not any Cabinet Minister on the Board of Newfoundland and Labrador Hydro, not as Chairman or any other position. And Newfoundland and Labrador Hydro reports to the Minister of Mines and Energy (Mr. Doody), as the Leader of the Opposition knows, I trust.

And number two, yes, negotiations are ongoing with a number of industrial customers in the Province as it relates to their present agreement on electrical power supplied to them by Newfoundland and Labrador Hydro. When will these negotiations conclude or when can some announcements be made is very difficult to say. I am hopeful that it can be done before the end of May.

MR. W.N. ROWE: Before the end of May?

MR. S. NEARY: Mr. Speaker.

MR. SPEAKER (MR. OTTENHEIMER): The hon. member for LaPoile (Mr. Neary), followed by the hon. members for Windsor - Buchans (Mr. Flight) and Trinity - Bay de Verde (Mr. F. Rowe).

MR. S. NEARY: Mr. Speaker, my question is to the Minister of Justice (Mr. Hickman), Sir, I would like to draw the minister's attention to a very serious incident that occurred in this Province back in February, I think it was February 27th. of this year. A very serious matter occurred when the RCMP searched the apartment of a doctor allegedly under instructions from the Canadian Customs department. And as this was proven to be incorrect, that no such instructions were issued, I wonder if the Minister of Justice took note of this illegal raid of this doctor's apartment and if so did the Minister of Justice take any action on this to see that charges were brought against the RCMP officers who illegally, obviously, went and committed perjury to get a search warrant to go and search this doctors apartment? Did the minister undertake an investigation into that? If so, would the minister tell the House what action he has taken on it?

MR. SPEAKER (MR. OTTENHEIMER): The hon. Minister of Justice.

MR. A. HICKMAN: Mr. Speaker, the matter referred to by the hon. the member for LaPoile (Mr. Neary), according to his question, is a matter of an investigation by the RCMP under the Customs Excise Act.

MR. S. NEARY: No, it was not.

MR. A. HICKMAN: If such is the case, and it was for the enforcement either under the Narcotics Act or the Customs and Excise Act, these matters are not dealt with by me; there are no files, nor should there be because we have no jurisdiction in the Provincial Department of Justice. The usual practice is that they are carried out by members of the RCMP who serve in this Province outside the municipal police in contract. The other allegation I am not prepared to comment on because the liberty of the subject is very adequately protected in that any person seeking a search warrant must first apply to a judge, satisfy the judge not as to what will be found, or not whether an offence has been committed, but that it is necessary or it may be necessary for the proper investigation of an offence that a

MR. A. HICKMAN: search warrant do issue. Now unless that is satisfied the courts will not grant it. The fact that something is not found there afterwards has nothing to do with legality or illegality.

MR. S. NEARY: A supplementary, Sir.

MR. SPEAKER (MR. OTTENHEIMER): A supplementary.

MR. S. NEARY: The hon. gentleman must have misunderstood what I said, I do not know, the hon. gentleman twisted my question. But the RCMP subsequently called up the physician and admitted that there had been a mistake, that there was no instructions from the Canadian Customs department to search this particular doctor's apartment. I am sure the minister must be very concerned about this going on in Newfoundland. It is not the first time that the RCMP have obtained a search warrant illegally, searched offices and apartments illegally -

MR. W.N. ROWE: Including your own.

MR. S. NEARY: - Including mine, Sir, the hon. gentleman should be aware of that. So being no justification for searching the doctor's apartment and having called up the doctor and apologized and said, "We are sorry, we made a mistake" after the damage was done, then the minister obviously must be concerned about that kind of situation going on in this Province. What did the minister do about it? Did the minister take

MR. S. NEARY: note of it at all or just completely ignore it?

MR. SPEAKER: (Mr. Ottenheimer) Hon. Minister of Justice.

MR. T.A. HICKMAN: The minister, obviously, did not do anything about it because it is obvious it was not reported to my department, which indicates to me the accuracy of my first answer that, namely, this is a matter of law enforcement under one of the Federal Acts and not under the Criminal Code of Canada.

MR. S. NEARY: Supplementary question, Mr. Speaker.

MR. SPEAKER: Supplementary, hon. member.

MR. S. NEARY: Would the hon. gentleman please tell the House - and I understand how search warrants are obtained because the police officer has to have suspicion of a crime being committed in order to obtain a search warrant, and he has to do that under oath - now, what procedures, what investigations are carried out by magistrates before they issue search warrants indiscriminately? What action do they take? What procedure do they follow to satisfy themselves? Is there any inquiry, any investigation or is it just a request and then the application is rubber stamped? What happens? Can the hon. gentleman tell us when the magistrate is approached by a police officer and asked for a search warrant, for instance, in this case to go into this doctor's apartment, what is the procedure?

MR. SPEAKER: Hon. Minister of Justice.

MR. T. A. HICKMAN: Number one, Mr. Speaker, may I make it abundantly clear that no judicial officer, be he magistrate or judge in this Province, rubber stamps an application for a search warrant.

MR. S. NEARY: Well, that is what you think.

MR. T. A. HICKMAN: I have sufficient confidence in the strength of our Bench, and we have an exceptionally strong Bench in this Province, to say that without fear of contradiction.

MR. T. A. HICKMAN: Secondly, the law as it relates to application for a search warrant is set forth very clearly in the Criminal Code and concurrent in a federal jurisdiction-or, rather, complementary federal jurisdiction and it is incumbent upon the person seeking the search warrant to satisfy the presiding judge that this is necessary to carry out his investigation, and that is it.

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

MR. SPEAKER: (Mr. Ottenheimer) Supplementary, hon. member.

MR. S. NEARY: Mr. Speaker, I can not question the answer the hon. gentleman just gave me but it is not true, it is an incorrect answer, Mr. Speaker, and I wish I could debate it but I am sorry I can not. Because when a police officer goes for a search warrant, Mr. Speaker, he has to prove to the magistrate that in his opinion a crime has been committed, and the hon. gentleman knows that is true. But I am not going to argue about that. I will debate that at a later date. But what I want to find out now from the minister, now that this matter has been brought to his attention- and it should have been brought to his attention before, It has been all over the newspapers back in February, and the physician involved was embarrassed and almost lost his reputation over it, a gentleman who is from India -will the minister now write the minister responsible for the RCMP in the Government of Canada, write the minister and bring this matter to his attention and strongly condemn this kind of tactic going on in this Province? Will the minister do this now, if it is not too late?

MR. T.A. HICKMAN: Mr. Speaker, before I am imprudent enough to embark upon the course suggested by the hon. gentleman from LaPoile (Mr. S. Neary), I think it would be a very sensible thing to do to find out whether or not this investigation was being carried out in an area of law enforcement that vests exclusively in the Attorney General of Canada.

MR. S. NEARY: Nobody knows. They said it was
(inaudible)

MR. T. A. HICKMAN: It is very simple.

MR. SPEAKER: (Mr. Ottenheimer) The hon. member for Windsor-Buchans.

MR. G. FLIGHT: Mr. Speaker, my question would normally be directed to the Minister of Mines and Energy (Mr. C.W. Doody) but under the circumstances the Premier may choose to answer the question, my question being to either one of the gentlemen who wish to field it. Has Newfoundland Hydro made a decision, a conscious decision, a decision made to proceed with the development of the Upper Salmon as being the next hydro project in this Province, to proceed this Summer?

MR. SPEAKER: Hon. Premier

PREMIER PECKFORD: The Minister for Mines and Energy (Mr. C.W. Doody) will answer that question.

MR. SPEAKER: Hon. minister.

MR. C.W. DOODY: No, Mr. Speaker, no conscious decision has been made to proceed with that. The environmental study is underway and the costing is also underway. When all these documents are prepared and ready they will be examined and a statement will be made at that time.

MR. SPEAKER: Supplementary, hon. member.

MR. G. FLIGHT: Mr. Speaker, I am concerned about the situation re the Upper Salmon. Last year, last Fall when this House opened, we approved a \$200 million borrowing authority for Newfoundland Hydro and \$100 million of the \$200 million was justified as being the cost of the Upper Salmon project and now Mr. Young, less than four months after, speaking at a Board of Trade meeting yesterday,

MR. FLIGHT: indicated that the cost of the Upper Salmon had escalated to \$147 million. I am wondering if the minister, in view of the explanation given to the House by the then Minister of Mines and Energy, could explain to the House the discrepancy in the escalated cost? One hundred million dollars explained and read in Hansard in this House has been the cost of the Upper Salmon, now escalated to \$147 million as indicated by Mr. Young at the Board of Trade meeting a few days ago.

MR. SPEAKER: (Mr. Ottenheimer) The hon. the Minister of Mines and Energy.

MR. DOODY: First, the question dealing with the Loan Bill. The Hydro project, as I remember it - and I was not in the ministry at the time - but as I remember it the Hydro project identified in that particular bill, which was being financed by that loan, was the Hinds Lake development. The Upper Salmon was a ballpark estimate and the funding was obviously not for it since it had not been planned at that time, that the planning of it had not reached the level whereby it could be estimated or even priced correctly. That number is rapidly becoming more definitive now and the number of \$147 million that the chairman gave at a recent address in St. John's was the most recent and most accurate estimate of the costing of the Upper Salmon. As I say, it is still not a final, complete figure nor has the final environmental impact study been completed and presented to Government.

MR. FLIGHT: A supplementary, Mr. Speaker.

MR. SPEAKER: (Mr. Ottenheimer) A supplementary.

MR. FLIGHT: Since the Province has given Hydro the right to borrow \$200 million - and the minister can explain it any way he wants! I recall very clearly in the House that the member for St. John's East (Mr. Marshall),

MR. FLIGHT: as well as myself, questioned that bill, and the then Minister of Mines and Energy indicated that \$70 million was for the Hinds Lake project, \$30 million for housekeeping for Hydro and \$100 million for the proposed Upper Salmon. Now, in less than four months that bill has gone from \$100 million, as explained in this House, to \$147 million, and my question now is, Will the minister be bringing in a bill to authorize the extra borrowing, the \$47 million - 50 per cent more than it was four months ago? Or if Hydro intends to go ahead with the Upper Salmon, will the minister be bringing in a bill authorizing Hydro to borrow that extra \$47 million, and when can we expect that bill? And when can we expect a release on the Upper Salmon?

MR. SPEAKER: (Mr. Ottenheimer) The hon. the Minister of Mines and Energy.

MR. DOODY: I will answer the last question first. As I indicated, the final numbers and the final planning and the final environmental impact study is not in. I cannot tell the hon. House when exactly the House can expect that report, certainly it has to come from the Hydro people to government, be studied and then debated here in the House. Certainly, before additional funds are spent on the Upper Salmon or any other project in the Province, the permission or authority to borrow will have to come from this House. If that \$200 million Loan Bill has been expanded, at least if we have spent the money that was voted in that particular bill, then, obviously, we will have to come to the House to seek authority for additional borrowing, if, indeed, it is necessary to do such spending.

MR. FLIGHT: A final supplementary.

MR. SPEAKER: (Mr. Ottenheimer) A final supplementary.

MR. FLIGHT: Sir, would the minister tell the House if Hydro have, indeed, up to this point in time, used the prerogative given by the House and have borrowed any of the \$100 million that this House authorized three months ago, \$100 million of which was authorized for the construction of the Upper Salmon project? Have Hydro up to this point in time borrowed any of that \$100 million?

MR. SPEAKER: (Mr. Ottenheimer) The hon. the Minister of Mines and Energy.

MR. DOODY: I can bring the hon. member up to date. During the next few days I will get a list of the borrowings of Hydro from the time of the Loan Bill up to the present and perhaps even a general list of the programmes or capital projects on which that money has been spent. That may be the most reasonable way of approaching this.

MR. SPEAKER: The hon. the member for Trinity - Bay de Verde, followed by the hon. the member for Bellevue and the hon. the member for Burgeo - Bay d'Espoir.

MR. F. ROWE: Mr. Speaker, before the Easter break, the Premier tabled a contract guaranteeing an individual almost \$.5 million over the next ten years plus other fringe benefits - this is the contract between Mr. Bob Cole and the government. I would like to ask the Premier, was this contract brought before Cabinet and was it given Cabinet approval?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: Mr. Speaker, I do not know the answer to that question. I can assume it was brought to Cabinet and given Cabinet approval. I will have to check out the Order in Council and so on or the Cabinet directive concerned.

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

MR. SPEAKER: A supplementary.

MR. F. ROWE: I will ask the Minister of Justice (Mr. Hickman), who was, I believe, Government House Leader at the time - there must have been somebody out of Cabinet - could I ask any minister, Sir, starting with the Minister of Justice, whether this contract was brought before Cabinet for approval? The Minister of Justice.

MR. SPEAKER:(Mr.Ottenheimer) The hon. minister.

MR. HICKMAN: I think that question has been very adequately answered by the hon. the Premier.

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

MR. SPEAKER: A supplementary.

MR. F. ROWE: I ask the Minister of Mines and Energy (Mr. Doody), whether he was present at a Cabinet meeting where this particular contract was brought before the Cabinet?

MR. MARSHALL: On a point of order.

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

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. MARSHALL: On a point of order. I do not usually intervene in questions, but the question has already been adequately answered. I refer Your Honour to Page 130 of Beauchesne,

MR. MARSHALL: Fifth edition, item (gg) which reads, "You may not seek information about matters which are in their nature secret, such as decisions or proceedings of Cabinet, advice given to Crown by Law Officers, etc." So, you know, the hon. gentleman is enquiring really into individual matters pertaining to cabinet. It is quite in order to ask whether a matter has had cabinet approval, it certainly is, but I think he is transcending now in trying to really, in effect, enquire into how various cabinet ministers may have reacted to the proposal.

MR. SPEAKER: Hon. Leader of the Opposition.

MR. W. ROWE: It is the foolishness point of order I have ever heard raised in this hon. House. My hon. colleague was asking whether a contract worth about a half million dollars to an individual, together with -

MR. F. ROWE: Fringe benefits.

MR. W. ROWE: Fringe benefits! Good God! Together with the right for a gentleman to become a senior deputy minister for the rest of his life thereafter, whether that contract between him and, presumably, somebody in the government, the government itself or a minister of the Crown, whether that contract was approved by cabinet, either by Minute-in-Council, minute of cabinet or by an Order-in-Council. Now, Sir, in an effort to attempt to get that information, my hon. colleague asked the Premier, who did not know, the Minister of Justice (Mr. Hickman) who refused to say, the Minister of Mines and Energy (Mr. Doody) who I do not think said anything about it at all. We are not asking, Sir, what went on at the cabinet meeting, who approved it, who was not in favour of it, who argued against it. We are merely asking whether there was cabinet approval of this contract. Mr. Speaker, I cannot see anything wrong. There is nothing secret about that, nothing against orders of this House in order to ask that kind of a question, Sir, and the fact that the answer is not forthcoming, or the fact that it is referred to as being somehow secret by the hon. House Leader, is in itself very revealing.

MR. SPEAKER: (Mr. Ottenheimer) On the point of order which has been brought up, I have heard arguments from hon. gentlemen to my left and to my right. I shall base my decision not upon the citation offered by the hon. gentleman to my left; that is with reference to questions on a matter which is by its nature confidential because I do not think I need to get into that specific area. I refer rather to Beauchesne, page 132, subsection (8) "A question that has previously been answered ought not to be asked again." It is a very straightforward and technical question. The question has been asked and has been answered. Now whether the answer is satisfactory or not obviously is not a matter the Chair can deal with, but which "has been answered ought not to be asked again." So I draw that to the hon. member's attention.

A supplementary.

MR. F. ROWE: I wonder, Mr. Speaker, would the Premier be kind enough to undertake to find out whether or not this contract was brought before cabinet for the cabinet's approval?

MR. SPEAKER: The hon. Premier.

PREMIER PECKFORD: Mr. Speaker, yes.

MR. F. ROWE: Another supplementary, Mr. Speaker.

MR. SPEAKER: A final supplementary.

MR. F. ROWE: I wonder if the hon. the Premier could indicate when and at what time he will be making this information available?

MR. SPEAKER: The hon. Premier.

PREMIER PECKFORD: When I get it, which I assume would not take me very long, in the next day or so.

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

MR. SPEAKER: I had to say the final supplementary.

MR. F. ROWE:

Oh, I am sorry.

MR. SPEAKER: (Mr. Ottenheimer)

I have indicated that I would recognize the hon. gentleman from Bellevue next.

MR. CALLAN:

Mr. Speaker, my question is for the Premier regarding the Come by Chance oil refinery. I want to ask the Premier if he has a copy of the Peat Marwick report on the First Arabian proposal to purchase the Come by Chance oil refinery, and when can we expect that report to be tabled in the House of Assembly?

MR. SPEAKER:

The hon. Premier.

PREMIER PECKFORD:

Mr. Speaker, the Government of Newfoundland has over the last number of months listened to reports, suggestions, advice, analysis, from various sources on the proposals for the Come by Chance oil refinery and

Premier Peckford: in my statement to the House a number of weeks ago I indicated what government's present position was as it related to trying to reactivate that facility, and negotiations are ongoing this week along those lines.

The hon. member's question presumes a set of circumstances which are not the set of circumstances that the government uses to determine how we are going to reactivate the Come By Chance refinery; that is to say, that when the receiver received proposals for the reactivation of the Come By Chance oil refinery, the receiver made a decision as to who they thought—which of the two proposals was a sound one or the better one. As a result of that there was some discussion publicly around this Province that Mr. Shaheen's proposal did not get a fair hearing, that the receiver's opinion on FAC was somehow a prejudiced opinion. Because the government wished to ensure that Mr. Shaheen's proposal did get a fair hearing, a special report was authorized by government, by an independent group to look at that proposal to ensure that Mr. Shaheen's proposal got a fair, just hearing. That was the Thorne Riddell report, which has been published. Therefore we are left as a government with the same, really, recommendations after the Thorne Riddell report as before it, in other words confirming the receiver's original opinion and analysis that of the two one was preferred over the other from an economic point of view, that of the FAC. Now the government after making that decision is proceeding with that proposal to see in fact if all the elements can be put in place to reactivate it, based on the preferred proposal that has been adopted by two separate entities who have some expertise in analyzing those kinds of proposals.

MR. CALLAN: A supplementary, Mr. Speaker.

MR. SPEAKER (MR. OTTENHEIMER): A supplementary.

MR. CALLAN: Mr. Speaker, I think what the Premier just finished saying is that the Government of this Province spent a quarter of a million dollars to tell the people, or some people in this Province that "Well we agree with you, you know, you people questioned whether or not

Mr. Callan: Peat, Marwick did a fair appraisal of both bids by First Arabian and Shaheen, so we will spend a quarter of a million dollars to prove to you that we also did not trust them but to prove it to you we will spend a quarter of a million dollars of the taxpayers money." Is that what the Premier just finished saying? I do not see any other reason for spending it.

MR. SPEAKER (MR. OTTENHEIMER): The hon. the Premier.

PREMIER PECKFORD: No, Mr. Speaker.

MR. CALLAN: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. CALLAN: Mr. Speaker, could I ask the Premier then at what point in time can we expect a debate in this House of Assembly regarding the whole Come By Chance oil refinery shemozzle? What time can we expect a debate in this House?

AN HON. MEMBER: What shemozzle?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: As soon as we have sufficient information on the ongoing negotiations now with FAC, then I think a debate in this hon. House will be very desirable. And the time frame of that is very difficult to say, but hopefully within the next three or four weeks we would be able to get into a full-scale debate based upon being the latest information then available on where we are as it relates to our ongoing negotiations with FAC. And then we can, with that new information, have the Thorne Riddell report on the one hand, the Peat Marwick decision on the other, plus all of the new information that would come forward from the negotiations that are now going on.

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

MR. SPEAKER: A final supplementary.

MR. CALLAN: Well, okay, Mr. Speaker, the Premier has said that in two or three weeks we can expect a debate on the Come By Chance oil refinery. In order to carry on an intelligent debate, I think we in the Opposition would obviously have to know something about the Peat, Marwick, Mitchell report as it pertains to the First Arabian proposal. So is

Mr. Callan: the Premier also saying then that within two or three weeks he will be in a position to table that report?

MR. SPEAKER (MR. OTTENHEIMER): The hon. the Premier.

PREMIER PECKFORD: I am not saying that, Mr. Speaker. I am saying that all of the information that is available, an analysis of all the proposals by Peat, Marwick or whoever, that can be laid on the Table of this House will so be done so that a proper and full informed debate can take place. Whether that is two weeks or three weeks will depend largely upon how successful we are on the conditions laid down in the statement that I made on our conditional acceptance of moving ahead with more negotiations on

PREMIER PECKFORD: the FAC proposal. The hope is that all the information that can be made available will be made available so that the debate will be a well informed debate.

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

MR. SIMMONS: Mr. Speaker, a question for the hon. the Premier. I wonder would he indicate whether Mr. Cabot Martin is under contract to the government and, if so, in what capacity and, further, would the Premier undertake to table any contract which exists between Mr. Martin and the government?

MR. SPEAKER: The hon. Premier.

PREMIER PECKFORD: Yes, Mr. Speaker, I intend to not only table Mr. Martin's position and what he does for the government or for the Premier's Office but also all the positions that are now being identified by me as working for the Premier's staff both in St. John's and around the Province. So I will be tabling not just an individual contract for one person but all the employees of the Premier's Office around the Province in this House within the next week.

MR. SIMMONS: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary.

MR. SIMMONS: Do I gather from the Premier's answer that Mr. Martin is now under contract, that there is a signed contract between the two parties?

MR. SPEAKER: The hon. Premier.

PREMIER PECKFORD: I do not know if it is totally concluded. I have indicated through a press briefing two weeks ago, before I left for holidays, that Mr. Martin would be Senior Policy Adviser. I am not sure if the

PREMIER PECKFORD: contract has finally been signed and everything, I am not totally clear in my own mind. It will be a contract. The hon. member is right in calling it a contract. Most of the other people who are working on staff will not be in the contractual situation that Mr. Martin will be in. So there will be some difference between his position, his mandate, financially and otherwise, than some of the other people on staff.

But I am sure, I cannot answer the question clearly in my own mind right now whether it is all signed, sealed and delivered, if it is a legal document or not and I would just take it under advisement and assure the hon. member that all the people who are on the Premier's staff will have their salaries and their positions and what they are doing tabled in this House in a week.

MR. SIMMONS: A supplementary.

MR. SPEAKER (Ottenheimer): A supplementary.

MR. SIMMONS: I understood from the Premier's first answer that the time frame he is putting on this is about a week?

PREMIER PECKFORD: Yes.

MR. SPEAKER: The hon. member for Fogo.

CAPTAIN WINSOR: Mr. Speaker, I have a question for the Minister of Transportation and Communications. I note the hon. minister paid a visit to Fogo Island over the weekend; I trust he was given the usual hospitality of that area. The minister is alleged - I suppose not "alleged," The minister stated that approximately thirteen miles of road would be upgraded and paved this year, or \$1.2 million would be spent. Could the minister tell the House in what area

CAPTAIN WINSOR: of Fogo Island that work will be carried out? - and maybe I could put the question in two parts - when does he expect the tender to be called for that work?

MR. BRETT: Mr. Speaker, the price tag is difficult, I cannot be specific as to whether it will be \$1 million exactly or \$1.2 or \$1.3 or whatever but the number of miles, I think it is twelve or thirteen miles, starting at the school and going on through hopefully, depending on the tender that comes in, hopefully we can get right on through to Tilting. Our forces have been in the area and we are preparing a tender call now. I am hoping that this can go in the paper within the next week to ten days. Taking everything into consideration, it is possible that by the end of May we will know who will actually have the contract.

ORDERS OF THE DAY:

MR. SPEAKER (Otteneimer): Order 13.

Motion, second reading of a bill, "An Act To Provide For The Ratification Of The Sale Of Labrador Linerboard Limited And The Conversion Of The Linerboard Mill To A Newsprint Mill." Bill No. 15.

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

MR. MAYNARD: The name of the bill obviously speaks for itself, to ratify the agreement that has been signed between government and Abitibi Price for the sale of the properties of Stephenville to Abitibi Price and reactivation of those properties as a newsprint mill.

I think it would be beneficial at this time to take a few minutes and go over the history of the Linerboard facility in Stephenville, the properties out there, in order to provide the proper background for the

April 30, 1979

Tape No. 895

NM - 4

MR. MAYNARD: debate which I am sure will
follow in relation to this bill which provides for the
ratification of the sale.

The history,

MR. MAYNARD: and more particularly the problems of Labrador Linerboard, from the start of the construction in 1969, up to the announcement of the shutdown in the Budget Speech of April 1977, has been well documented in various speeches in this House.

In the Premier's announcement regarding the closedown in 1977, and I suppose one could refer to those documents and get the history fairly well, but I think it would be beneficial to recap it fairly briefly, as brief as I can be.

In 1967, Mr. Speaker, officials of Canadian Javelin Limited presented to the Government of Newfoundland and Labrador a proposal for construction of a linerboard mill at Stephenville and a wood-chip mill and logging operation at Goose Bay. In 1968 the plans for the project had been changed so that there would not be a chip mill at Goose Bay but there would be a chip mill in Stephenville instead and that Goose Bay would have a woods operation, a pulpwood operation primarily.

The construction of the facility at Stephenville started sometime, I believe, in late 1969, following the signing of the agreement between Canadian Javelin and the Province. And, of course, at that time it was well known, I believe, that the Province provided a guarantee to Canadian Javelin of the debt associated with the project and took a first mortgage on the assets. The total estimated cost at that time, Mr. Speaker, was \$53 million. But due to a lot of costs over construction delays, the costs by March of 1971 had escalated to some \$91 million. During the remainder of 1971 and

MR. MAYNARD: early 1972, the costs continued to escalate and the project by that time, by early 1972, was in very serious difficulty. So in view of the government's financial involvement in the project, a study was commissioned by the Province, by the provincial government to review and evaluate all the aspects of the development.

That evaluation, Mr. Speaker, showed the cost to complete the construction phase was estimated to reach approximately \$130 million and, furthermore, another \$21 million would be needed for working capital. In light of the serious financial difficulties being experienced by the project, and to protect the government's investment in the project, this present government passed legislation in May of 1972 authorizing the takeover of the project by the Province and a provincial Crown corporation called Labrador Linerboard Limited was formed at that time to run the project, to complete the construction and to operate it after it had been constructed.

The completion of the Linerboard mill, as far as construction was concerned, was completed, then, by March 1973 at a total cost of \$155 million. Commercial production actually started on April 1st., 1974, following some production runs to iron out the minor technical difficulties. It was unfortunate that the timing of the company's entry into the paper market, the linerboard market, coincided with a recession in that market that resulted in excess capacity and weak prices for the finished product.

The difficulties were compounded in 1975 by serious labour problems which forced the mill to close down for a period of, I

April 30, 1979, Tape 896, Page 3 -- apb

MR. MAYNARD:

believe, 109 days.

The lack of high yield

wood

MR. MAYNARD:

at a reasonable cost, and that was primarily the wood from Goose Bay which has a much higher yield than the wood on the Island portion of the Province, the high cost of energy, poor markets and, certainly, some management problems, all combined to result in the net operating loss of approximately \$142 million for the four years of the company's operation. And by March 31, 1978, the Province had either guaranteed indebtedness or provided advances secured by mortgages on the mill totalling in excess of \$300 million.

The Province then, Mr. Speaker, was faced with the probability of incurring further substantial cash drains from continuing losses on Linerboard and the possibility of a downgrading of the Province's debt rating if the cash drain was not stopped.

In November, 1976, government established an Advisory Board of senior executives primarily from the pulp and paper industry to assess and evaluate the company's situation with respect to the markets, product lines, woods requirements and to recommend a long-term strategy for the company.

In April, 1977, in the preliminary report, the Advisory Board concluded that continued operations of the mill at that time would result in further very substantial losses and they recommended the orderly shut down and mothballing of the mill to give the Province time to assess, study, all possible conversion and divestiture prospects while minimizing the cash drain.

In July of that year, 1977, the Advisory Board reaffirmed its recommendations and further recommended that "Should market conditions warrant production of any product line, the Province should not attempt to operate the mill without participation by an established

MR. MAYNARD: pulp and paper organization." That was one of the very key reasons, of course, for the mill being in such great difficulty that it was operating as a loner not affiliated with any other large organization either in the pulp, newsprint or linerboard industry.

The Advisory Board report was the culmination of two years of serious studies by government officials and outside consultants in an effort to establish Linerboard as a viable operation. But in spite of all the best efforts, the government at that time was forced to conclude that under existing conditions the company could not be viable as a linerboard manufacturer and, of course, we accepted the Advisory Board's report and production at the mill was officially terminated as of August 26, 1977.

Immediately following that decision to phase down the Linerboard facility, the Linerboard Limited Divestiture Committee was set up, which consisted of senior government officials, union leaders, company management, federal government and representatives of the Stephenville area. This committee was set up to oversee all the efforts towards divestiture and reactivation of the facility. The mandate of the committee was to analyze all options for reactivation, interest established forest products companies and evaluate any and all proposals received. The Divestiture Committee was not set up just to mothball the facility; it was set up to try to reactivate the facility, possibly in another product line, and to try to make a viable operation in the Stephenville/Bay St. George area.

The first task of the Committee was the development of a plan based on an analysis of the essential conditions which had to be established in order

MR. MAYNARD: to make the acquisition of the mill by any other corporation attractive to private corporate investors and yet to try to be as reasonable as possible to the government and labour - by 'reasonable to government', of course, reasonable to the people of Newfoundland in the amount that we could hope to recoup from the losses that have been incurred over the years.

MR. MAYNARD:

The committee drew up an offering memorandum describing the equipment and facilities being offered and they presented other relevant material for a prospective purchaser to make a preliminary assessment of the facility. They drew up a list of potential buyers, the Chief Executive Officers identified and the best method of introduction established. Upwards of forty national and international companies were approached or expressed some interest in the acquisition of the facility. And every lead, Mr. Speaker, was thoroughly investigated by the committee and after many months of serious study and analysis of the various proposals received there were two Canadian companies, Consolidated Bathurst Limited and Abitibi Price Company, Limited that were selected as being the most viable prospects for the operation of the facility in Stephenville. Both of the proposals from these two Canadian companies were very similar and provided for the reactivation of the mill as a one machine newsprint mill. However, after government had studied the two proposals and the analysis that had been done by the Divestiture Committee and various other officials, we formally accepted the Abitibi proposal on the grounds that Abitibi was the largest newsprint manufacturer and marketer in the world and also that the company had already substantial commitments to maintaining a competitive newsprint operation in this Province, primarily the Grand Falls mill.

On November 16, 1978 the Minister of Industrial Development and Abitibi Paper Company, Limited entered into an agreement whereby the Province agreed to sell to Abitibi all the outstanding shares, outstanding no par value common shares, of Labrador Linerboard for a total of \$43.5 million. For the Province it ended many months of negotiations with various private enterprises in an attempt to divest itself of the mill and to have the facility reactivated as a viable entity. That agreement of course is the one that we are asking the House of Assembly to ratify by this Bill No. 15.

MR. MAYNARD: The principal terms and conditions of the agreement of sale between Abitibi and the government are as follows; (1) Newfoundland and Labrador Hydro to enter into an agreement with Abitibi for the supply of electrical power based on a full cost recovery rate. The agreement between Hydro and Abitibi runs from January 1,1979 to December 31,1998. Here I must emphasis,however, Mr. Speaker, that the agreement contains no special subsidies and/or considerations on the part of Hydro,but rather there is an agreement based on the full cost recovery rate for power. However,in the principal sales agreement government did agree to reimburse Abitibi the minimum monthly payment under the hydro agreement if during the term of that agreement Abitibi is forced to suspend operations at Stephenville due to a lack of wood as a result of forest fire or budworm epidemic or some other disaster. Secondly,the Department of Municipal Affairs and Housing is to enter into an agreement with Abitibi for the supply of water to the mill. This water supply agreement runs to December 31,1987 and is renewable upon terms to be agreed. It provides that during the construction phase government will supply up to one million gallons of water per day,and up to six million gallons per day during the operation stage at a rate of seven cents per gallon. The minimum annual payment during the construction phase will be \$50,000 and during the operation phase the minimum payment will be \$95,000. The third part of the agreement,the Department of Forestry and Agriculture was to enter into an agreement with Abitibi to provide for the supply of pulpwood to the proposed newsprint mill for a period of twenty years commencing January 1,1980, and that has been entered into.

MR. MAYNARD: The decision to sell the Labrador Linerboard Limited mill to Abitibi Paper Company for conversion to newsprint was based largely on the realization that the very large volumes of wood required for the manufacture of linerboard could not be supplied at acceptable costs from the Province's wood forest stands.

Abitibi Paper Company and other prospective buyers of the mill were concerned about the necessity of having to transport large volumes of wood from Labrador and it has been found over the years that the transportation of wood from Labrador, unfortunately, even though it is a much higher yielding timber, would definitely remain too expensive in order to make the mill at Stephenville or any other mill on the Island portion of the Province viable.

The Department of Forestry at that time did a very careful review of the resources on the Island and the requirements of other forest related industries, the two mills at Corner Brook and Grand Falls, the sawmill industry, the domestic demands and all of the other demands that arise from day to day on the forests of the Province. It was established that wood volumes of up to 300,000 cunits could easily be supplied from the Island portion of the Province without resorting to a supply from Labrador.

So Abitibi's proposal to establish a 150,000 ton per annum newsprint machine is based on the assumption that one cunit of pulpwood yield one ton of newsprint and they do not foresee any difficulty procuring the necessary wood volumes for the proposed operation. Indeed they are very confident that under existing conditions they

MR. MAYNARD: will have little difficulty with procuring the wood supply necessary for the installation of the second machine by the year 1987.

The Department of Forestry, of course, considered a number of options for guaranteeing the wood supply and under the agreement Abitibi is assured of a wood supply for a twenty year period.

AN HON. MEMBER: 150,000 cunits of wood.

MR. MAYNARD: 150,000 cunits. That is the recognized time frame for amortization, of course, of any new investment. The company is required to manage the forests at its own expense under the direction of the Department of Forestry, and they are required to pay the current land tax of 9.4¢ per acre the same as Price in Grand Falls and Bowaters in Corner Brook are paying at this time. In addition, the agreement provides for Abitibi to pay to the government stumpage rates as prescribed by regulation.

In negotiating this timber licensing arrangement with Abitibi, the Province introduced a new innovation, an incentive, with respect to silviculture work permitting Abitibi to deduct from its stumpage charges up to two-thirds of the amount that they spend on any silviculture operation on those limits they hold for the twenty-year period. The timber licence arrangement which has been worked out with Abitibi reflects the most current developments in Canada and North America. It gives control of the management of the resource to the Department of Forestry and provides for an investment in the resource base. In addition, it permits for the first time in Newfoundland a stumpage charge from the pulp and paper industry and

April 30, 1979

Tape No. 899

GH -3

MR. MAYNARD: ensures the continued wood supply
to the owners of the mill.

The fourth part of the agreement:
the Province was to have received a commitment from the
Department of Regional Economic Expansion to provide a grant
of \$15 million in connection with the development of the
newsprint mill and these

Mr. Maynard: funds were to be passed on to Abitibi. That agreement, of course, has not been finalized as yet, although we do have the verbal assurance that it will be signed and concluded within the not too distant future. Negotiations are still ongoing on this subsidiary agreement with DREE for the \$15 million which will of course be a 90-10 sharing basis with the Province.

The fifth point of interest is Abitibi Paper Company, Limited agreed of course to pay the Province the sum of \$43.5 million. It is the full and final purchase price for the outstanding shares of Linerboard. And that payment is to be made in accordance with an agreed upon schedule which I believe is given in Section 14 of the Agreement attached to this bill.

Sixth - Abitibi agreed to convert the Linerboard facility into a newsprint mill with a design capacity of 150,000 tons per annum and to have a second newsprint machine under substantial construction by 1987 provided, of course, that a sufficient supply of wood can be made available. There is no doubt in our minds at this point that the wood can be made available barring any great disaster such as bad forest fires or another bad budworm epidemic or some other disaster of that kind. And as evidence of their good intentions in that regard Abitibi deposited in escrow with Montreal Trust Company the sum of \$1 million to be paid over to the Province in the event that the company had not commenced substantial construction of the second machine by December 1987 despite the availability of a sufficient wood supply.

Abitibi agreed to give full opportunity of employment in the mill first to persons normally resident in the Bay St. George area of the Province, and thereafter both in respect to the mill and the woodlands to persons normally resident elsewhere in the Province. Further, it also agreed to give full opportunity, and, indeed, preferential treatment to Newfoundland contractors and Newfoundland manufactured goods and services when they were calling any tender for the supply of any contract of that

Mr. Maynard: kind, provided of course that the local contractors and goods are competitive in price and quality and delivery time etc.

The Abitibi Price group, Mr. Speaker, is the world's largest manufacturer of newsprint and it is a pioneer in many other classes of the forest products industry. The company is Canadian, with about 90 per cent of the shares held by Canadians. The annual sales of Abitibi exceed \$1 billion, and the group ranks among the top twenty-five industrial organizations in Canada, and among the top three hundred in North America. The Abitibi Price group directly employs more than 20,000 Canadians.

So the company's experience in wood harvesting, in the manufacture and market of newsprint and, more especially, Mr. Speaker, its knowledge of Newfoundland conditions through the operation of their mill in Grand Falls for more than sixty years, now combined with the availability of a pool of knowledgeable and experienced people already on the Island, trained people, will all contribute to a successful start-up and a successful operation of the facility in Stephenville. The integration of Stephenville's output of 150,000 tons per year will represent approximately a 7 per cent increase in Abitibi's total production capacity. And based on recent market projections, Abitibi is confident that this additional newsprint volume from Stephenville can be sold through the Abitibi Price sales organization without affecting the operating rates, the employment, or mill net prices at the company's existing mills, and that, of course, includes Grand Falls. It is anticipated that the whole of the Stephenville production will be exported. Major offshore opportunities, of course, have already been identified for approximately half of the 1981 tonnage of Stephenville, and the balance will be

MR. E. MAYNARD:

absorbed into their U.S. marketing organization or possible into further offshore sales.

The acquisition by Abitibi Price thus makes available to the Stephenville mill the entire resources of the world's largest newsprint producer, including their leadership in production, marketing and technology, as well as offering the possibility of combining the wood harvesting operations with those of the Grand Falls mill. And those factors, Mr. Speaker, will undoubtedly ensure a long and viable future for the Stephenville mill and the provision of a secure and permanent employment for a great number of residents for the area of Stephenville - Bay St. George.

The principal sales agreement is a good one for the people of Stephenville and is a good one for the Province. It meets the two principle objectives that were clearly established as being the necessary prerequisites to any sales agreement: one, that the sales must be to a reputable operator and must provide for the re-opening of the mill on a permanent and lasting basis; and two, that there would be no ongoing government financial involvement in the facility. I am fully satisfied that the agreement accomplishes both of these. I am also, of course, Mr. Speaker, extremely confident that Abitibi - Price paper company will be a good operator for the mill and will do everything in its power to ensure the success of the operation and the prosperity of that area.

Mr. Speaker, it is with a great deal of pride that I introduce this bill today. I have been personally associated with the mill in one way or another since 1972. I was a member for the Board of Directors for four or five years as well as being a member of the provincial Cabinet. I

MR. E. MAYNARD:

can say that I am keenly aware of the numerous frustration that were encountered, first in trying to develop something viable out of an ill-conceived, on a poorly planned project which started in 1967, and secondly in making the decision to close Labrador Linerboard Limited and attempt to reactivate it as a viable entity.

This administration, Mr. Speaker, in my opinion has been successful in extracting victory from the jaws of defeat. The many senior officials, the members of the Cabinet who have spent many long days, long months, even long years trying to wrestle with this problem are to be commended. And I sincerely hope that this sale will ensure that the people of the Stephenville - Bay St. George area will be able to look forward to many years of stability in this economy. I am not suggesting, Mr. Speaker, that the newsprint mill in Stephenville will solve all the problems in that area, but it will be a cornerstone on which to build a solid, economic structure for the future. I am sure that others of my colleagues will want to add to what I have said; there are others who will want to debate the whole matter. I will listen carefully to the debate and I will try with my colleagues to reply to any and all questions or comments that may be made in the course of the debate.

I move second reading.

Thank you, Mr. Speaker.

MR. SPEAKER (MR. CROSS):

The hon. member for LaPoile.

MR. S. NEARY:

Mr. Speaker, I have listened very intently to what the hon. gentleman had to say, Sir, about the sale of Labrador Linerboard mill. The hon. gentleman droned on, Sir, did not get a bit enthusiastic about what he was saying in the introduction of this bill. I do not believe the hon. gentleman really believed himself what he said. I will deal with his last remark first, Sir, about snatching - what was it?

April 30th., 1979

Tape No. 901

DW - 3

MR. G. FLIGHT:
the jaws of defeat.

Victory being snatched from

MR. S. NEARY:
the jaws of defeat. Mr. Speaker, do hon. members of

Victory being snatched from

MR. NEARY:

this House realize the total cost of the Linerboard mill, if you look at the replacement value of that mill, is close to \$800 million, \$300 million of which was thrown down the drain by this government by making the foolish move in the beginning of taking over the Linerboard mill? For nothing, Sir, they took it over for nothing other than political personal reasons, a political, personal vendetta carried on by Crosbie and carried on by the present Government House Leader, the President of the Council (Mr. Marshall). I read the debate this morning before coming to the House, I read the full debate of the takeover of Labrador Linerboard. It is pathetic, Mr. Speaker, it is illogical. The case that was made from the government side was based on hatred and based on a political vendetta and a personal vendetta, and it is hatred for the former administration. The whole case, I have it here in front of me. Your Honour can read it and members of the House can go down in the Legislative Library and get it and read it. No common sense in it at all, no basis for the takeover except Crosbie's savage hatred for Mr. Doyle and the present President of the Council, the Government House Leader, his hatred for the former former Premier and the former former administration. I am not talking about the former Moores administration.

So the colossal blunder made by the administration back in 1972 has cost the people of this Province approximately \$800 million and the hon. gentleman made no reference to that at all, And that is snatching victory from the jaws of defeat \$800 million later! And I will tell the House shortly how that is made up, how I arrived at that figure.

Mr. Speaker, back in 1972 during the debate to which I referred, the Premier of this Province at the time made a commitment to the House, made a commitment

MR. NEARY: as a result of a speech made by my colleague, the Leader of the Opposition. And what was the commitment? My colleague was concerned about the fact that the bill would give the government too much power, too much authority, that they could do what they liked under the legislation they rammed through the House, used their majority to put through this House, that they had too much power.

MR. W. N. ROWE: Was I far wrong?

MR. NEARY: The hon. gentleman said, Was he far wrong? Well, let me see. The Premier at that time made a commitment to this House. My hon. friend was sitting there when the commitment was made, and here was the commitment; referring to what my hon. friend has said, he said, 'In that regard, Mr. Speaker, a point was made by the hon. member opposite, a point in Item 6 in the bill itself, to sell, lease, entrust or otherwise dispose of the project or any part of or any interest in, to any person upon such terms and conditions and for such consideration as the Lieutenant-Governor-in-Council approves.' The Premier says, 'I feel that my government would have no objection to changing that to any other Crown corporation. We would present the legislation to the House for approval beforehand.' The Premier of the day made that commitment to this House, and having made that commitment, Sir, what happened? The government went off and made a deal with Abitibi Price without bringing the proposal before this House, without giving us any facts or any details of the agreement, made a deal under the table with Abitibi Price, and now, Sir, we are forced in this hon. House to debate a matter after the fact. The deal is made, the deal is closed, and we are asked now to debate the agreement. What difference would it make, Mr. Speaker, today,

April 30, 1979

Tape 902

EC - 3

MR. NEARY: if I recommend changes in this agreement? Does Your Honour think for one moment that the government is going to pay

MR. S. NEARY:

any attention to what I say or what members on this side of the House say or what members on the other side of the House say? The deal is closed, the deal is final, the deal is definitive and we are just wasting our time debating the Bill because nothing is going to change. Mr. Paul Desmarais has his deal, has his gift, and he is being rewarded by being installed, one of the last acts of the former Premier of this Province had him installed as Chancellor, President and Chancellor of the university, That was his reward for accepting this gift that was given to him last Fall or this Spring by the former Premier of this Province.

So, Mr. Speaker, it is very sad, very sad indeed, that the Government should take, should adopt this procedure of first of all selling the mill and then coming into the House and asking us to debate the agreement, Debate it! All we are asked to do is rubber stamp it! And the minister today gave us very few facts about the agreement, told us very little that we did not already know, and left out an awful lot, Mr. Speaker, left an awful lot out of his presentation in introducing second reading of this Bill, left an awful lot out. The hon. gentleman spent more time tracing the history of Labrador Linerboard than he did in giving us the facts about this agreement, had to go back and try to poison the atmosphere of this House again as we saw it poisoned back in 1972 by the gentleman who spoke from the Government benches at that time in support of the take-over of the mill. They poisoned the atmosphere, they squirted their venom, The hon. gentleman today was not quite as bad as the spokesman for the Government at that time in 1972, on that day; he was not quite as bad but he alluded to it, Sir. "The mill was ill-conceived," he says, "the mill was in financial difficulty," he says and he refers to a report that this Government had done when they came into office back in 1972. And I asked the hon. gentleman three times to name the report, name the people that did the report and the hon.

MR. S. NEARY: gentleman did not reply. And I ask the hon. gentleman now again while I am on my feet to give us the name of the firm that did that report. Because, Mr. Speaker, only a few months before that report was done Peat Marwick had submitted a report to Mr. Smallwood, to his administration, saying that the mill was still a viable operation. Late 1971, early 1972, I believe only a few days before Mr. Smallwood resigned, Peat Marwick walked in with a report saying the Linerboard mill was still viable, was still feasible. And a few weeks later, a new administration, Peat Marwick, - I presume it is the firm the hon. gentleman is talking about - walked in with a completely opposite report. Why, Mr. Speaker, that is nothing short of fraud. Two reports directly opposed, directly opposite to one another within a matter of a few months done by Peat Marwick! How does the hon. gentleman explain that?

The fact of the matter is, Sir, that Mr. Crosbie and some of his colleagues were so blinded with prejudice and venom and hate they could not see the forest for the trees, they poisoned the atmosphere in defence of their takeover of

MR. NEARY: this mill and I have my own theory of why they wanted to take over the mill. They wanted to get at the goodies. They wanted to get the contract for their own companies. They wanted to do things without calling public tenders. They could not bully around the owners of the mill, Canadian Javelin and its shareholders, so they wanted to get ahold of it themselves so that they could purchase surplus equipment, equipment that was unnecessary. Millions of taxpayers' dollars thrown down the drain buying equipment from their own companies that was never used, Mr. Speaker - never used! - stored on the tarmac out in Stephenville and down in Goose Bay. I have gone and walked by it - a quarter a mile or half a mile long the equipment stored on the tarmac, purchased for the logging operation in Goose Bay and the logging operation here on the Island of Newfoundland and never used. Buses - a couple of hundred miles of them - never used. And that is why they wanted to get their little mitts on that Linerboard mill, Sir, so they could get at the goodies, so they could make deals, sweetheart deals, so that they could get up to their eyeballs in political patronage and payoffs.

Mr. Speaker, when the government did decide to take over the mill and we had the debate in the House, Sir - and I have read the whole thing, read it all this morning - the government left the impression that they were setting up a Crown corporation, setting up a Crown corporation.

The hon. gentleman better listen to this. He might learn something.

MR. NEARY: The government left the impression they were setting up a Crown corporation and they were even quoted in some of the newspapers; our own newsmen were obviously conned by this. They kept referring to it as a Crown corporation. Well, Mr. Speaker, I always felt that a Crown corporation, Sir, would have to report to this hon. House, that a Crown corporation would have to make an annual report, that it was incumbent upon all Crown corporations under a statutory agreement to report to this hon. House. That is what I interpret as a Crown corporation, and even the newspapermen, as experienced as they are, Sir, and I have some of the clippings with me, kept referring to Labrador Linerboard as a Crown corporation. Well, was it a Crown corporation, Mr. Speaker, or were we duped and fooled in this hon. House? Was it a Crown corporation? Well, the Minister of Justice does not think so. The Attorney General, who was the Minister of Finance in the last session of the House, did not think so. On not seeing any annual reports tabled in this hon. House by Labrador Linerboard, Sir, I decided I would write the Minister of Justice, the Attorney General for this Province, and ask the hon. gentleman to tell me if the annual reports of Labrador Linerboard had been tabled for the years 1973, 1974, 1975 and 1976 and 1977. And I wrote the hon. gentleman back on December 21, 1978, the hon. T. Alex Hickman, Minister of Justice, Confederation Building. I want hon. members to listen to this, Mr. Speaker, the contempt which the hon. gentleman has for this House and for the members of this House and for the people of this Province, the utter disregard that the hon. gentleman has for this House and for the members and for the people of Newfoundland and Labrador.

December 21 I wrote the hon. gentleman and I said, "Dear Mr. Hickman: As I do not recall if the annual report of Labrador Linerboard mill for the

April 30, 1979

Tape No. 904

GH-3

MR. NEARY: years 1973, 1974 and 1975 and 1976
and 1977 were ever tabled in the

MR. NEARY:

House of Assembly, as Minister of Justice and Finance, as well as a member of Labrador Linerboard Limited"- I wonder would the page just let me get my message across to the minister? Mr. Speaker, I would suggest that if the hon. gentleman has anything to say he return to his seat. "As Minister of Justice and Finance, as well as a member of Labrador Linerboard Limited, I would appreciate it very much if you would send me along copies of the annual report of this Crown corporation at an early date as possible." I sign the letter, Sir. Well, let us see the reply I got from the hon. gentleman. This is the crowd that have brought democracy back to Newfoundland, that are not going to withhold any information, that are going to let it all hang out, going to put everything on the table of the House? Well, let us see the answer I got from the hon. gentleman on January 15, 1979, "Dear Mr. Neary; I acknowledge receipt of your letter of December 21, 1978 wherein you enquire as to whether the annual report of Labrador Linerboard Limited for the years 1973 to 1977 inclusive were tabled in the House of Assembly. I have checked the records and find that such reports of the annual meeting of Labrador Linerboard Limited were not tabled in the House of Assembly for the very simple reason that the company is incorporated under the Companies Act and not pursuant to any statutory provision which requires the tabling of annual reports. The only obligation under the Companies Act is for the company to file its annual return with the Registrar of Companies and I understand such returns are up to date. You will appreciate, therefore, that whether or not the annual report of Labrador Linerboard Linerboard Limited is made public is the prerogative of the company and such authority does not vest in me." Did you follow that, Mr. Speaker? "Such authority does not vest in me." He is only the Minister of Finance, the Authorney General and the Minister of Justice. That is all he is, Sir, and I am an elected representative of the people and I am

MR. NEARY: asking the hon. gentleman in his official capacity to let me have the annual report of Labrador Linerboard. But, Sir, is that all the hon. gentleman was when I asked the hon. gentleman for the reports? Well, we will find out in a minute. He says, "Consequently I have taken the liberty of forwarding a copy of your letter to the company." What did he do, forward it to himself? "Forward a copy of your letter to the company and undoubtedly same will be considered at the next meeting of the board of directors."

Well, Sir, what happened at the next meeting of the board of directors? Well, I will tell the House. I have the complete file from the registry office, Mr. Speaker, the complete file along with all the other stuff I have here, right here. That is a complete file from the registry office. It shows no annual reports of Labrador Linerboard; all it shows, Mr. Speaker, is a share list. That is all it shows. It shows what any other company would show, a share list. There it is.

And did the Minister of Justice, the Attorney General, the Minister of Finance (Mr. Hickman) raise the matter that I brought to his attention about the reports at the next meeting of the board of directors? Well, did he, Sir? Well, let us see what happened at the next meeting of the board of directors. The next meeting of the board of directors was held - I wrote the minister on January 15, Sir, The next meeting of the board of directors was held on January 19, four days later. Four days later! And let us see what happened. Well, here it is; "Notice is hereby given"- this is in the matter of the Companies Act and in the matter of Labrador Linerboard to the Registrar of Companies - "Notice is hereby given that at a special meeting of shareholders of Labrador Linerboard Limited, the following resolution was passed, that is to say, resolved that as of December 21, 1978 next, that the company be voluntarily wound up

Mr. Neary: and that Francis J. Ryan, Q.C. of St. John's, Solicitor, be and is hereby appointed Liquidator for the purpose of winding it up." That was the answer I got when I went to the Registry Office, Sir, as instructed by the Minister of Finance, the Attorney General and the Minister of Justice. "Go down," he says, "You will get what you are looking for in the Registry Office." There it is, the last notice that came in in January. As a matter of fact it is stamped received January 15, the very day I wrote the hon. gentleman and had my letter delivered to the hon. gentleman by hand.

No annual reports. But one interesting thing I did find on the share list, Sir. I found out that my hon. friend, who is telling me that he is not going to give the House the information, saying, "I will send your request, I will pass it on to the Board of Directors of the company," that that same hon. gentleman was on the Board of Directors of that company for two years.

So I wrote the hon. gentleman back again. I said; "Dear Mr. Hickman: Thank you for your prompt reply to my letter of December 21, 1978 concerning my request for copies of the annual report of Labrador Linerboard Limited for the years 1973 to 1977. As Labrador Linerboard Limited is listed in the annual report of accounts of Crown corporations, boards, authorities, and sundry funds administered by the Province, one would expect that an annual report would be made available to members of the House of Assembly who were the ones who approved large sums of taxpayer money for this operation. Your reply therefore appears evasive and splitting hairs and is no way for the Minister of Justice and the Attorney General of this Province to treat an official request from an elected representative of the people."

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: "May I also remind you that as a member of the Board of Directors of Labrador Linerboard Limited representing the people of this Province, it is your duty and obligation to provide as much

MR. NEARY:

information as possible when called upon to do so. May I ask you, then, as a member of the Board of Directors for the period 1972, 1973 to furnish me with the annual report for that period and any additional reports on Labrador Linerboard for the years 1973 to date." The hon. gentleman did not even do me the courtesy of replying to that letter, Mr. Speaker, did not even reply to it. Now, what is going on, Mr. Speaker, what is going on? What are they trying to hide? What are they trying to cover up? Mr. Speaker, I read from these letters so I will table the letters.

So, Mr. Speaker, the question I asked again, what is behind all this? Why would they not give the House any information on Labrador Linerboard from the time they took it over up to the time they sold it? Why did they refuse to give the House information? And why are they still refusing to give the House the information that it requires in order to access the situation at Stephenville from 1972 up to 1976? Mr. Speaker, the hon. Minister of Justice (Mr. Hickman) tells me it is not a Crown Corporation, but yet, Sir, when they brought in the bill to take over that mill the word Crown corporation was used several times and my colleague,

MR. NEARY: Minister of Industrial Development (Mr. Maynard) used it today, starting out in his remarks referred to it as a provincial Crown corporation.

AN HON. MEMBER: No.

MR. NEARY: The hon. gentleman did, right at the beginning of his remarks, refer to it as a provincial Crown corporation, because the hon. gentleman really and sincerely thought, the same as every other member of the House, that it was a Crown corporation and not a private company registered under the Companies Act. And there is a difference, there is a big difference. The hon. gentleman can rock his shoulders and his head all he wants.

MR. MAYNARD: I meant in the context of the -

MR. NEARY: Oh, Mr. Speaker, now there is a little gem of wisdom.

There is a subtle difference there. I do not know (inaudible)

MR. W. N. ROWE: There is a big difference.

MR. NEARY: There is a big difference, Sir, in a Crown corporation and a company incorporated under the Companies Act. And even the newsmen, as I say, thought it was a provincial Crown corporation. This is back in November, 1972, the last paragraph of this item in The Daily News: "The mill is now managed by Labrador Linerboard Limited, a Crown corporation, which is phasing it into operation." And I bet you the Premier is finding out today for the first time that this was not a Crown corporation as we know Crown corporations in this House and in this Province. It was not. In The Daily News again, back in May, 1972, we are referring to an advertisement in the newspapers; the advertisement is in behalf of Labrador Linerboard Limited, described as a new Crown corporation being established to operate the 1,000 ton mill. And every member of this House, Sir, thought that it

MR. NEARY: was a full-fledged Crown corporation. I must say that I got the shock of my life, not over the fact that the Minister of Justice, the Attorney-General refused to give me information -

MR. W. N. ROWE: As ignorant as it was.

MR. NEARY: AS ignorant as that was, Sir, that is not what shocked me. What shocked me was the fact that we had been labouring under the illusion and under the impression that this was a full-fledged Crown corporation when in actual fact it was a company incorporated under The Companies Act of the Province. And there is a big difference, Sir. I have my own theory, as I said a few moments ago, why I think it was done that way, because the Government did not have to answer to the House! They could carry on all kinds of deals for which they did not have to answer to the House. That was the advantage of having it registered under The Companies Act instead of being a Crown corporation. That was the reason for doing it, Mr. Speaker. And as it happened it turned out that way because we saw what happened to the Labrador Linerboard after it was taken over by the Government and somehow or other the sanctimonious House Leader always tries to leave the impression that Mr. Doyle was a rogue and Canadian Javelin was crooked, but, Mr. Speaker, does the hon. gentleman realize that the Government that were making all these statements were negotiating with Mr. Doyle and Canadian Javelin to purchase Labrador Linerboard for which they have already paid \$5,000,000 or \$6,000,000 and another \$4,000,000 or \$5,000,000 are presently in dispute and have gone to arbitration.

Mr. Speaker, how could Labrador Linerboard succeed after the Government took it over? What chance did it have for success when we had Crosbie, and we had ministers in the Government saying it was ill-conceived,

April 30, 1979

Tape 907

RT-3

MR. NEARY: it should never have been built in Stephenville, it was a white elephant, it was a figment of somebody's imagination, we did not have the wood to supply the mill. How could it succeed when Government was pouring literally millions of taxpayers' dollars into the Labrador Linerboard mill and the logging operation on the one hand, and saying on the other hand it will never succeed. And they spent \$300,000,000 doing that,

MR. NEARY: the hon. gentleman just told us this afternoon. Mr. Speaker, they should all be charged. Everyone of them should be charged for criminal negligence, for creating public mischief, for a conspiracy to defraud the public treasury. Everyone of them, everyone of them should be charged.

MR. MARSHALL: Point of Order.

MR. SPEAKER (Ottenheimer): Point of Order.

MR. MARSHALL: (Inaudible) and we have listened to them here.

AN HON. MEMBER: What is the Point of Order?

MR. MARSHALL: The Point of Order is that the allegations made in the member's statement, I refer to his preceding words, and Page 103 "You cannot impute bad motives or make personal charges against a member" and the words that the hon. member was just using were obviously doing that. In the thrust of debate you can say certain things, but certainly there are limits even in this house.

MR. SPEAKER: Hon. member.

MR. NEARY: Now, Mr. Speaker, if Your Honour will remember the context in which I used these terms, Sir, I did not refer to any particular hon. member. Now, if the hat fits the hon. gentleman, well then he can wear it, but I used these words in a sort of a general way, Sir, and so therefore I would think that I am completely in order, Mr. Speaker.

MR. SPEAKER: I should point out to hon. members that certainly imputations of criminality, wrongdoing and allegations made either directly or indirectly are out of order and even the more general context of offensive language. So, I would ask the hon. member to refrain from any references directly or indirectly which would state or imply wrongdoing on the part of other hon. members.

MR. NEARY: Well, of course, Mr. Speaker, I abide by Your Honour's ruling, Sir, but I do want to say, Mr. Speaker, that since 1972 we have seen some peculiar things going on in connection with Labrador Linerboard. We do know that there is an RCMP investigation going on since 1973. We do not know what it is all about. I read in the paper the week before last where it is 99.9 per cent complete. What is it all about? It does not have to do with Doyle or Canadian Javelin. It has to do with mismanagement. It has to do, so I am told, with purchase of equipment. It has to do with farming out work and it has to do with theft. We have not been able to get a word out of the Minister of Justice of what this investigation is all about. Neither have we, Mr. Speaker, been able to get an update on the great international swindle that took place in connection with Labrador Linerboard. The international swindle I am referring to is the case of Stirling International in San Francisco who were forced to pay \$55 a ton to an offshore company in Bermuda called Egret, E-g-r-e-t. That has triggered another investigation by the RCMP Commercial Fraud Division. Not a sound about that, not a word since the documents were tabled in this House and since the inspector came to my office and told me that this was merely a routine visit, kind of jokingly said, "Boy, you know, you raised this matter and this is an informal visit. I just came in to have a chat with you to see if there is anything to it. If you have anything that you can give me, then I would be glad to have it." And I gave him everything I had, some of it on a confidential basis, by the way. And I may as well say this, Mr. Speaker, right now that I distrust the Justice Department in this Province and so does every other Newfoundlander and they have very good reason, Mr. Speaker, to distrust the Justice Department. And I said to the inspector, "I am going

April 30, 1979

Tape No. 908

GH-3

MR. NEARY: to give you documents", I said to him sitting there. I had a lawyer there. I had a witness present, a lawyer. "I am going to give you these documents on a private and confidential basis and I do not want you to take them to the Justice Department because I distrust the Justice Department.

MR. S. NEARY: I think they are weak-kneed and I think they are manipulating the National Police Force and have been since 1972, have been manipulating the RCMP, and so I said, "These documents are not to be put in the hands of the Justice Department."

MR. SIMMONS: They, in turn, are being manipulated themselves.

MR. S. NEARY: I know, yes, that is right, they are being manipulated. It is a kind of sweetheart - you scratch my back, I will scratch yours thing they got going.

Well, Mr. Speaker, within a matter of twenty-four hours I had a letter back from the Minister of Justice (Mr. T.A. Hickman) telling me that this inspector had come to see me, who told me, by the way, who called me on the phone and said, "This is purely informal, I just want to come in and have a chat with you because you got the boys worked up again, you got them all stirred up and I just want to come in and have a chat with you on an informal basis to see if you have anything around there, if there is anything to this." I gave him the documents and I said, "They are not to go in the hands of the Justice Department because I do not trust the Justice Department." Well, what did he do? He left my office and made a beeline for the Deputy Minister of Justice, Mr. Macaulay, and gave Mr. Macaulay the information that I had given him. They cannot act completely independent on their own. He had to go and report and bring everything that I had given him to Mr. Macaulay and the next thing I get a letter back from the Minister of Justice (Mr. T. A. Hickman). I am the complainant in this case and I get scolded by the Minister of Justice for withholding information and several other things, a little tap on the knuckle by the Minister of Justice. I wrote the Minister back a letter and I guarantee you I did not get a reply to my second letter that I wrote him.

Not a word about that from the Minister today who introduced this Bill, an international swindle involving anywhere from \$20 to \$30 million ripped off by

MR. S. NEARY: Internation Forest Products, by Mr. Robert Kraft and his crowd down in Boston, put in offshore accounts in the West Indies, in Bermuda and in the Bahamas and God only knows who the recipients of it were. I took a little trip last week and I picked up some more information in my travels-and the hon. gentleman can laugh all he wants.

MR. MORGAN: South of the border.

MR. S. NEARY: The hon. gentleman can laugh all he wants. The hon. gentleman must realize, as his boss said back - and probably it is a good point for me to remind the hon. member what the former Premier of this Province said.

MR. SIMMONS: That is the albatross.

MR. S. NEARY: That is the albatross. He said: "Everyone in Cabinet, Mr. Speaker, is responsible for everything done by Government and if they do not agree with a single thing they must resign from the Government or accept the responsibility," and not one of the gentlemen he was referring to opposite have resigned. Well, I can only assume that the hon. gentleman agreed with this \$30 million rip-off because I did not see his resignation or I did not hear about his resignation from the Cabinet. The hon. gentleman must have agreed with the Egret deal and all the other deals that are going on, presently going on in the Bahamas.

MR. SIMMONS: Perhaps he agreed to agree.

MR. S. NEARY: Well, I would not go as far as to say that.

MR. SIMMONS: Perhaps he wanted to stay in Cabinet.

MR. S. NEARY: What about this investigation? Mr. Speaker, let me say, Sir, following up on what the former Premier of this Province said, that every member of Cabinet has to accept his share of responsibility for every decision made in Government whether he likes it or not and if he does not like it he can resign.

MR. S. NEARY: The only member I ever heard of resigning, I think, was the Member for St. John's East (Mr. W.W. Marshall), The present Government House Leader resigned on a matter of principle when his colleague, the Minister of Public Works and the Premier, were making a secret deal with Craig Dobbin to rent office space. The hon. gentleman did not agree with it and he bailed out. Well, Sir, the hon. ministers, some of them in the former administration, most of them, most of them in the present administration, must have gone along with the policy and the procedures that were used because none

MR. NEARY: of them resigned,
Mr. Speaker. And, Mr. Speaker, I refer to the trip
that I made recently. No secret about it, Sir.

MR. J. CARTER: Tell us all about it.

MR. NEARY: Yes, I can tell the hon.
gentleman all about it. And I could tell the hon.
gentleman more than he would like to hear about it.
My trip had to do with testimony that was -

MR. MORGAN: Crazy garbage.

MR. NEARY: Mr. Speaker, my trip had
to do with testimony, Sir - Mr. Speaker, I would like
to be heard in silence, if Your Honour does not mind.
This is a very serious matter involving literally
millions piled upon millions of taxpayers' dollars
that have been swindled and ripped off.

MR. J. CARTER: Was Mr. Doyle wearing a
striped suit?

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

MR. NEARY: For the benefit of the hon.
gentleman let me tell him that Mr. Doyle is considered
to be a very reputable citizen in the country that he
happens to live, more reputable, by the way, than the
hon. gentleman is considered in this country.

MR. J. CARTER: Did it have a number across
the chest?

MR. SPEAKER: Order, please! Order!

MR. NEARY: Very funny! Very funny,
Mr. Speaker. Very funny indeed.

So, Mr. Speaker, I wanted
to find out - because in this testimony that was given
to a United States court - and hon. gentlemen should
know that United States' courts are next to God. They
have one of the best judicial systems in the world,
where you are guaranteed to get justice. Not like
Newfoundland where you have the kangaroo courts, the

MR. NEARY: Banana Republic type.

MR. MARSHALL: On a point of order.

MR. NEARY: I am talking about the royal commissions, Mr. Speaker.

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

MR. SPEAKER(Ottenheimer): A point of order.

MR. MARSHALL: On a point of order, Mr. Speaker. There are limits to which even some people should not descend, and one of those is that in the rules we are not allowed, and it is certainly out of order, to make allusions to the courts or to the institutions thereof of the Province. I think the hon. member should be required to withdraw it.

MR. NEARY: Mr. Speaker, obviously the hon. gentleman was not listening to me. Mr. Speaker, I referred to kangaroo courts and royal commissions and so forth. That was my last remark when the hon. gentleman interrupted me, Sir.

MR. W.N. ROWE: Awful sensitive.

MR. SPEAKER: The general principle, of course, is that hon. members may not - unless a substantive motion is on the Order Paper, and then the matter would have to be judged, I think, on its own specific merits, but that is not the case here - may not make statements which allege impropriety on the part of the judiciary. I think that is quite clear. Perhaps the hon. gentleman to my right would clarify that he was using the term 'kangaroo court' in a context not applied to the judiciary and then it is a different matter.

MR. NEARY: That is correct, Your Honour. Absolutely correct, Sir. The hon. gentleman, if he is going to listen to me, he may as well pay attention to what I am saying, Sir. Hang on to every word, Mr. Speaker,

MR. NEARY: because I was talking about this little trip of mine and about testimony that was given to the United States District Court, to the Securities Commission in Washington. The testimony is now filed in the District Court of Columbia, it is in the court in New York, the District Court in New York. I cannot table it at the moment because I am still waiting for some official documents from the courts in New York. I am hoping to have these documents this week and I will gladly, Sir, table the testimony, lay it on the table of the House and let hon. gentlemen read it and see how they have been conned and duped and fooled by their superiors, by their bosses.

In that testimony, Mr. Speaker, there is a lot of reference to Labrador Linerboard. A lot of reference to Labrador Linerboard and it answers a lot of questions and it confirms a lot of things that have already been said in this House. It confirms a lot of things that have been raised and documents that have been laid on the table of this House. It confirms, Sir, that there was gross mismanagement and that there were payoffs and swindles, and under-the-table wheeling and dealing went on in connection with the takeover of Labrador Linerboard, that there was collusion and that there was a conspiracy to defraud the public treasury, in this testimony.

I do not know whether it is true or not, Mr. Speaker. As Your Honour knows, when I lay documents on the table of the House I cannot say whether the testimony is true or false, I can only verify that the evidence was given, given under oath, evidence taken by the

MR. NEARY: Securities Commission in Washington which Your Honour knows is a branch of the United States courts. But if it is true, Mr. Speaker, if the testimony is true, then I would say that it would discourage industrialists and business people from coming to this Province and, Mr. Speaker, it would have a grave and serious impact upon the credit rating of this Province in the United States and probably right across North America.

It tells the whole story of Labrador Linerboard from 1972, when this hon. crowd took over, right up to the time that they took over Labrador Linerboard. And it tells of attempted shakedowns - the hon. gentleman laughed that one off - attempted shakedowns by the government's public relations man. There should be a royal commission appointed just to investigate that one man alone, the government's public relations man. The hon. gentleman often wondered why he did not get his film. Well, I can tell the hon. gentleman why he did not get his film.

MR. MORGAN: I got the film.

MR. NEARY: He got the film, Sir, after he badgered Mr. McLean and he got some kind of a film. He was not satisfied with it. Well, I will tell the hon. gentleman why he did not get his film, because the bill may have been for a film but, Sir, that is not what the money was used for. The money was used to purchase a ring in Switzerland.

MR. MORGAN: What we paid for, we got.

MR. NEARY: Ah, Mr. Speaker, the money that -

MR. MORGAN: What we paid for, we got.

MR. NEARY: The hon. gentleman, Sir, should check his records and his payments and he will find out that the film he is talking about was \$12,000. Twenty thousand dollars is what the charge was, \$12,000 of which was paid for a ring in Switzerland. No wonder I would go to Panama and talk to Mr. Doyle. That is in the testimony and I asked him, "How do you know this?" "Because I saw it; I was there", he said, "and I saw the ring".

MR. MORGAN: I had no ring.

MR. NEARY: I am not talking about the hon. gentleman. The hon. gentleman should go check it.

MR. F. ROWE: He has a ring around his neck.

MR. NEARY: He should have a ring in his nose.

And the hon. gentleman wonders where his film went. There should be a royal commission.

If the hon. the Premier wants to let it all hang out -

MR. MORGAN: Who owned the ring? This ring, who owned this ring?

MR. NEARY: If the hon. Mr. -

MR. SPEAKER: Order, please! Order!

Actually, hon. members on both sides should confine their remarks to some relationship to the Labrador Linerboard mill. Matters of jewellery and such, it is hard to see a direct connection.

MR. NEARY: Mr. Speaker, I want to point out to Your Honour, and I appreciate Your Honour's remarks, but it all ties in, Sir. It is all a part of a pattern. It is all a part of a pattern. I could go back a little further than that but the hon. gentleman interrupted me and I just wanted to tell the hon. gentleman if he is so naive as to think that all the bills that came from McLean's public relations were legitimate bills, the hon. gentleman better get up again - the hon. gentleman is being very

MR. NEARY: naive and stupid. And I do not think the hon. gentleman is either--and go out and find out that money was paid out allegedly for a film, a tourist film. My eyeball! And I spoke to the gentleman only three or four days ago who actually saw the ring and who carried on a conversation with the former Premier of this Province, and was supposed to meet him and was pawned off on the government's public relations man to pay out substantial sums of money.

And I tell you, Mr. Speaker, I will be perfectly honest with you, I wish I was in a position to table the testimony. I am not at the moment. And the gentleman I interviewed is under an injunction and he would not give me any more information than I could pry out of him. He is under an injunction because all these matters are before the courts. Well, one of the statements, Sir, in that testimony made by the public relations man for the government of that day--and I hope he is not still around, I hope the new Premier has had sense enough to get rid of him - the man who was referred to by this same gentleman I am talking about as the tollgate between the industrialists and the people doing business with the government, the tollgate

MR. NEARY:

between him and the government, between him and the Premier.

MR. SIMMONS: A big tollgate.

MR. NEARY: A big tollgate too.

MR. W. ROWE: An expensive one.

MR. NEARY: It used to take three seats to get him down here on Air Canada. There should be a royal commission to look into that whole sad affair. And it is sad, Sir. That particular gentleman is right in the center of every, every thing that I have investigated for the last seven years. That particular gentleman is right plunk down in the center of it, including Labrador Linerboard, down wheeling and dealing with International Forest Products and Mr. Kraft. And that particular gentleman, according to the testimony--and I do not have it with me and can only trust to my memory - said, "You pay off" - I am summarizing it now, Mr. Speaker-- "You pay up", he said, "you pay up to this government and the ministers of that government and I guarantee", he said, "I will make the RCMP kiss your"- I may as well say it - "kiss your ass on the steps of Confederation Building." That is the power that that public relations man had and that is the way he went around peddling influence throughout the national and international business world. There should be a royal commission alone. And we are so concerned in this Province about leaks and we let this - what would you call him? - this parasite, this leech go off with millions of dollars of Newfoundland's taxpayer money and hon. gentlemen sit over and think that is funny. There is a pattern developing, Mr. Speaker, into all this research that I have been doing over the last several years in connection with Linerboard and everything else, there is a pattern developing and the pattern is in the Bahamas and in the West Indies. That is where the wheeling and dealing took place and is taking place today. That is where some of this money has ended up in offshore accounts, in the Bahamas.

If I were hon. gentlemen I would not smirk at it, I would not think it is funny. The pattern is developing and the real

MR. NEARY:

reason for certain resignations in this Province will come out in the wash and one of them, Sir, was the Egret Company with an office down with a law firm in Hamilton, Bermuda, Egret that was paid \$55 a ton for Linerboard that should have gone to the Linerboard mill that went into a dummy company down in Bermuda. The hon. gentleman thinks that is funny. We are talking about anywhere from \$20 million to \$30 million and the hon. minister who just introduced this bill, second reading of this bill, said, "I am going to give you some of the history. You have to understand the background of Labrador Linerboard. In order to fully appreciate how we reached the stage where we sold Labrador Linerboard to Abitibi you have to understand and appreciate the background," he said. The hon. gentleman did not tell us about the mismanagement of the logging operation in Goose Bay whereby a political appointee - and the hon. gentleman knows to whom I am referring - a political appointee, and I believe that political appointee was under questioning at one point of his career, if not while he was manager of the logging operation, after. No, nothing on that. Going to give us the history of Labrador Linerboard.

Did the hon. gentleman tell us how International Forest Products got in Newfoundland in the first place? Who brought them in here and why where they brought in when there was already an agreement with Mr. Heinzl in Europe, who was a well known and renowned exporter

MR. S. NEARY: of paper and linerboard, a world-wide reputation, well-known throughout the world? Why was his contract suddenly cancelled and this little two-bit outfit down in Boston, International Forest Products, brought in, set up, incorporated, and given a contract within days after it was incorporated down in Massachusetts - not in Newfoundland, not incorporated under The Companies Act in this Province - down in Massachusetts? Can the hon. Government House Leader tell me why and how International Forest Products got into Newfoundland? Does the hon. gentleman care? Again, I have a theory, Sir, and there is every indication why they were brought in here.

They were introduced to Newfoundland - Mr. Robert Kraft, the principal of International Forest Products was introduced to Newfoundland by Mr. Sorenson. Mr. Sorenson was a lawyer down in New York who was associated with the Kennedy clan. Mr. Sorenson was in here on one or two occasions and entertained by the former Premier of this Province, the 'albatross Premier'. Then, somehow or other, Mr. Sorenson formed this company. And, Mr. Speaker, I want to tell the House, Mr. Sorenson not only acted for Kraft and International Forest Products, but acted for the Newfoundland Government, acted for two parties at the same time. That is illegal in the United States. In Canada, I am told by the legal profession that you can act for both parties in Canada as long as you tell the parties, that you can accept payment from both parties as long as one party knows you are acting for the other party. Down in the United States it is illegal, But Mr. Sorenson did not think it was illegal. He acted for both parties. He put together International Forest Products, Mr. Kraft, and we all know the story of that. But the big question mark, Mr. Speaker, is how did they get into Newfoundland and why? Why

MR. S. NEARY: were they set up? Why did the Government not use more experienced people in the field of marketing? Why? Well, I am told that Mr. Sorenson got paid fifty cents a ton plus his fee, that he got fifty cents a ton for every ton of linerboard that was sold. That is not a bad fee for a lawyer. I am also told, Mr. Speaker, that it was done for the sole purpose of having control over the production and marketing of that mill. Because, Mr. Speaker, as I pointed out to this House before in a statement that I had from a Mr. Allan Miller, who was marketing Labrador Linerboard, who worked for International Forest Products, who was under contract to Mr. Robert Kraft, that not only did they market the product for whatever price they wanted and ripped off on the way, but they also had their finger in selecting the manager, Mr. Ingram, who managed that mill. And Mr. Robert Kraft and International Forest Products who were marketing the product paid Mr. Ingram's taxes and gave him all kinds of other fringe benefits. While he was out managing the mill he was being paid by the mill and paid a pretty hefty fee, \$50,000 a year plus a house, plus a car, plus an insurance plan, plus a retirement plan, and at the same time International Forest down in Massachusetts were paying his taxes and giving him other fringe benefits. For what? For what? So that they could control him, so they could own him, so that he would be a part of the rip-off.

You know, Mr. Speaker, when you come to think about it, it is an awful sad, sad mess. Sometimes I feel like I am standing on a big pile of manure.

MR. NEARY:

What a mess, Mr. Speaker, what a colossal mess! You can be kind and you can say it was gross mismanagement on the part of the operators of the mill. You can be kind and say that, but I am not that kind, Mr. Speaker. Nothing sets the devil in me more than to see the Public Treasury gouged and ripped off and looted. Nothing sets the devil in me more. I do not mind candidates, parties going off and - well, I do mind but that is the system - going off and collecting party funds for elections and leaderships and everything else and probably get smeared in the bargain, that is the way the system works, but when you start to gouge the Public Treasury in the process of doing that, that is a different matter, Sir.

And so the hon. gentleman tells us he is going to give us a brief history, he said, of the Labrador Linerboard mill. Hello history! Should I carry on with the history, Mr. Speaker? Should I remind the hon. gentleman of a few more things that happened in connection with Labrador Linerboard? Should I tell the hon. gentleman why International Forest Products switched from marketing the product in the United States to Europe? Because they could rip off more in Europe than they could in the United States. Mr. Speaker, I do not know what else I can say in this hon. House, Sir, to bring the point home. Without laying charges I do not know what else I could say. And it is very difficult to lay charges when the RCMP were manipulated, are being manipulated. The National Police Force, as far as I am concerned, Sir, should never be under contract to a province; they should be free and independent. They should not have to take their instructions from the Minister of Justice (Mr. Hickman) either directly or indirectly or subtly or otherwise.

Why, Mr. Speaker, let me give you an example of what I mean now that the Minister of Justice is back in his seat. When I was in the government back in 1971, I think it was, Canadian Javelin wanted to get two buildings out in Stephenville. They wanted to turn the buildings into office space. They figured it would be good to have the offices near the Linerboard, which makes a great deal

MR. NEARY:

of sense, and a proposal was brought to Cabinet. My hon. colleague, the member for the Straits of Belle Isle (Mr. Roberts) will remember this. My colleague for Twillingate (Mr. W. Rowe) will remember that a proposal was brought to Cabinet to sell these two buildings to Canadian Javelin. Mr. Speaker, did we go along with that? Did the government of the day go along with that? I ask the member for the Straits of Belle Isle (Mr. Roberts) did we go along with that?

MR. ROBERTS: Whatever the hon. gentleman is saying.

MR. NEARY: I am talking about these two buildings in Stephenville and I am leading up to the matter of calling Public Tenders.

MR. ROBERTS: There were Public Tenders.

MR. NEARY: There were, Sir. That is what I am coming to that my hon. friend confirms. But, Mr. Speaker, let me say this to the House, that when this government took over they somehow or other felt, the President of the Council included, they somehow or other felt that there was a bit of conniving went on, that the Liberals had given Mr. Doyle and Canadian Javelin two buildings out in Stephenville. The Minister of Justice (Mr. Hickman) immediately called in the RCMP Commercial Fraud Squad and said, "Investigate this. This is wrongdoing. A crime has been committed. There is skulduggery. The former administration is right up to their ears in these two buildings." So out trots the RCMP. They get a search warrant. They go to Canadian Javelin's office, seize their books and their records and-lo and behold! - after all the damage is done, they have obtained a search warrant under false pretenses, They did not bother to check out the facts, they were acting on instructions from the Justice Department, you know what they found out, Mr. Speaker? They

MR. NEARY: found out that public tenders had been called and that the two buildings were purchased on public tender by Canadian Javelin who was the only bidder. Are hon. members of the House aware of that?

. I believe that hon. members, even to this day, feel that it was a giveaway when in actual fact an ad appeared in the newspapers. Public tenders were called, Canadian Javelin were the only bidders, \$250,000, and they were the successful bidders. And for that they were the victim and subject - 20,000 shareholders of Canadian Javelin ridiculed and investigated by the Minister of Justice sending the RCMP illegally into their offices to seize their documents. Later they changed their argument. The RCMP changed their argument later, said, "Well, it was not the conniving that we were - that was not what we were worried about. We were worried about Mr. Doyle robbing his own company with stock or something. It had something to do with the stock of Canadian Javelin", which again is not true, Mr. Speaker. The hon. Minister of Justice knows the difference of that. Just not true. And so I say, Sir, it is very difficult for justice to be done in this Province, when you see the national police force being manipulated and used by the government. They should never be under contract to a province. They should be allowed to act independent, free and independent and fear nobody, carry out justice, see that justice is done. And I am afraid it will not be done, Sir, in connection with the Linerboard mill. It will not be done. The government carried on a savage, political vendetta, a personal vendetta, and Mr. Doyle responded by carrying on a savage

MR. NEARY: rebuttal and I would submit to Your Honour that the truth is somewhere in between, that all the crowd on that side of the House are not lilywhite and Simon-pure. And I would submit that Mr. Doyle is probably not lilywhite or Simon-pure. The truth is somewhere in between and it is about time that the truth came out. And so, Mr. Speaker, I doubt very much if the truth about Labrador Linerboard will ever be told. It is very convenient for the administration to keep what they refer to as the 'fugitive from justice' down in Panama. That is very convenient and very good strategy on the part of the administration, but I would submit to Your Honour that it is nothing but a diversionary tactic. As long as they can keep him there, he cannot fight back or tell the story. If he could, China would not be far enough for half of this crowd to go and when I lay the testimony, when I get it from the United States court, out on the table of the House you will see several of them going for cover.

AN HON. MEMBER: (Inaudible).

MR. NEARY: I am not defending anybody, Sir. There is the diversionary tactic again, Sir, there it is. That is the defence. I am defending nobody. I am defending justice and the hon. gentleman should be ashamed of himself sitting over there in that seat knowing that the taxpayers of this Province have been ripped off for literally millions piled upon millions of dollars and he sits there very angelic-looking.

MR. MORGAN: You say they have.

MR. NEARY: Yes, Mr. Speaker, I say they have.

AN HON. MEMBER: You do not know.

MR. SIMMONS: You know.

MR. NEARY: The hon. gentleman may not know, but he may know. He may know.

MR. J. CARTER: Are you going to table your stuff?

MR. MORGAN: Table all the documents and let us read them.

MR. NEARY: I do not have the documents. I have to wait for documents from -

MR. J. CARTER: All hearsay.

MR. NEARY: Oh, no! Oh, no! No hearsay.

MR. SIMMONS: We have a number and a striped suit for him, too.

MR. NEARY: Yes, we have a few numbers alright for hon. gentlemen, And so, Mr. Speaker, no wonder the Minister of Justice wants to get out, cannot wait for the election to be called so he can get out.

Incidentally, there is no hotel in Panama owned by Mr. Doyle. It is owned by the government of Panama.

AN HON. MEMBER: But it is run by (inaudible)

MR. NEARY: No, no, it is not. No, Sir, it is not run by Mr. Doyle, neither is it owned by Mr. Doyle. It is owned by the government of Panama and if I was the guest of anybody it was the government of Panama. God forbid!

MR. J. CARTER: John Doyle owns half of it.

MR. S. NEARY: Well, he may. I think he owns all kinds of property in Central and South America, and is probably one of the biggest industrialists in that part of the world.

MR. J. CARTER: Does he own the hon. gentleman?

MR. S. NEARY: No, Mr. Speaker. Nobody owns the hon. gentleman, Sir. Nobody but nobody. And if hon. gentlemen think I went off looking for leadership funds, I have not even said yet that I am going to run.

MR. T. A. HICKMAN: You will run.

MR. S. NEARY: No, Mr. Speaker, that is debatable at the moment. I might be like the hon. gentleman. Maybe I cannot wait for the election to be called to get out. Maybe I am like the hon. gentleman but I do not think I am yet. I am not that cowardly yet. I will stand my ground.

MR. T. A. HICKMAN: You will be down on Rawlins Cross with your cup of coffee talking about all the -

MR. S. NEARY: But no wonder, Sir, the hon. gentleman wants to clear out when you look at the administration of justice in this Province, the way that justice is being handled, and the way the Labrador Linerboard situation has been handled. I could go on and talk about other situations involving the administration of justice. It makes me so sad that I could almost cry when I think about it, when I think about the way the taxpayers are being ripped off in this Province.

Mr. Speaker, I have a telegram there and if I ever get a reply to it - the hon. gentlemen cannot see it from over there - a telegram that I sent when I was away on my trip - if I ever get a reply to it then I would say. "Look out" - involving a big transaction in the Bahamas, a half million dollar transaction. If I was the hon. gentleman I would start looking for the real reason for resignations, not

MR. S. NEARY: the ones that are given, that a man should only stay in office six, or seven, or eight years, ten years at the most. He did not even stay his ten years. I would start looking for the real reasons and not because, as he said himself back in 1972, not because we have a new Premier that all the mismanagement of the past - and I will be very kind when I use that term, Mr. Speaker - that all the mismanagement of the past should be swept under the carpet. Of course, we are interested in finding out what the new Premier is going to do about the unemployment and, of course, we are interested in finding out his programme to combat the high cost of living in this Province and what he is going to do about electrical rates as my hon. colleague asked him today. We are also interested to find out what the Government's policy is going to be in connection with vandalism and crime in this Province, increasing crime and vandalism, and the administration of justice. Of course, we are interested in all these things. So, the Opposition has to carry the offensive, Mr. Speaker, on two fronts. We have to try to pry out of the Government what they think are their solutions to these problems that I just mentioned, like unemployment, a realistic policy for the Fishery, a way to combat vandalism and crime, the high cost of living, unemployment, record unemployment, the things that are tearing the hearts out of Newfoundlanders. Of course, we are interested in hearing what the Premier is going to say in his Budget speech about all these matters, and any other goodies that he might throw in, any other election goodies that might be thrown into the Budget speech. Of course, we are interested in hearing all these things.

Then we will provide our answers of what we think should be done, what we think should be done to protect the environment, to protect the waters off our coast against pollution, against the blowout, or against a

MR. S. NEARY: major oil spill. Of course, we will lay out our plans. The Premier will lay out his plans; we will lay out our plans. But, Mr. Speaker, in the process of doing that, if there is any wrongdoing or any mismanagement it is not going to be swept under the rug if that is what the hon. gentleman thinks. It is not. The hon. gentleman was a member of that Cabinet and the hon. gentleman is as much responsible for decisions that were made in that Cabinet as the hon. gentleman who just quit, took off and went to the Bahamas recently, and had a secret meeting down in Nassau in the Britannia Hotel with Robert Cole, Esq., the president of EPA, the president of Sealand Helicopters, and a few other people.

MR. S. NEARY: All that, Mr. Speaker, all that in the name of business in the West Indies. So the pattern is unfolding and it is going to keep unfolding and it is all going to hang out, it is all going to be laid on the Table of the House eventually and the true story will be told and the hon. gentleman better not try to absolve himself by saying, "Well, I am a new Premier, I am not responsible for that." Every member of that Cabinet, as we were reminded by the former Premier back in 1972, every member of that Cabinet is responsible if there is indeed wrongdoing. And I happen to think that there is mismanagement, to be kind about it, involving literally millions piled upon millions of taxpayers' dollars. Mr. Speaker, I tell the hon. gentleman now and I throw the challenge out to him, that if he thinks for one moment, Sir, that any Government that I have anything to do with, if we are fortunate enough to win an election, any Government that I have anything to do with is going to let Mr. McLean get away without being looked at, without turning over the rocks and looking at them. I got news for the hon. gentlemen

AN HON. MEMBER: That is some rock to look at.

MR. S. NEARY: Yes, Sir, that is some rock, No doubt about that, that is some rock. And so I say to the hon. gentleman, the hon. gentleman made a good move the other day when he laid on the Table of the House the Cole contract, The hon. gentleman obviously did it to try to disassociate himself with the former Premier, the former administration and leave the impression in the process that he is honest and decent and he wants to run a Government of integrity and honesty and restore people's confidence in the administration and in the hon. gentleman. That is very good. Very good! Nothing wrong with that. But I hope it is not just symbolic, I hope it is not just one little tip of the iceberg that the hon. gentleman will lay on the Table. Let it all hang out because it is going to come anyway. It is going to come anyway. Do not try to subtly hamper, obstruct the police in the carrying out of their duties, I am sure the hon. gentleman would not do that in subtle ways, steering them in

MR. S. NEARY: the direction you want to steer them, And if it does, Mr. Speaker, if it all comes out then I am afraid that the story of the Linerboard mill is going to be a little more than the hon. gentleman gave us this afternoon when he told us he was going to give us the history of Labrador Linerboard and then he took us right up to the time that the Government-and he sort of sloughed this off on the Advisory Board saying, "They were the ones who decided this."

Mr. Speaker, how naive and stupid does the hon. gentleman think we are in this House? That a deal was not made before hand - well you could not argue about it at the time because I wanted to go - if I had my way I would have gone tooth and nail but I had to think about my colleague, the Member for Stephenville (Mr. W. McNeil) and I had to think about the way the Government might turn around the arguments and say, "Well, you know, we are turning a bad deal into a good deal and we got an operator in here and all this sort of thing and here you are trying to deprive all the people in the Bay St. George area of an opportunity to make a livelihood." I had to think about all that but it is a bad deal, Mr. Speaker, not only for the people of Stephenville, it is a bad deal for Newfoundland. I can say it now because the ink is on the paper and Mr. Paul Desmarais is installed as President and Chancellor of the university.

Now, that deal, Mr. Speaker; we were predicting for months what was going to happen. It was one or the other, it was Consolidated Bathurst or Abitibi and they are both the same. They both have the same parent organization, the same shareholders. And who were they trying to con; Mr. Speaker? Who were they trying to fool? The takeover of EPA is one big question mark in my mind and I guarantee you the Abitibi takeover of Labrador Linerboard is a bigger question. And

MR. NEARY:

close to \$800 million. The replacement value \$450 million; operating start up expenses and so forth, \$300 million, \$750 million, close to \$800 million. And we still have to pay the interest, the debt service. Abitibi do not contribute a penny to paying off the cost of constructing the mill. The interest and the principal still has to be paid by the taxpayers of this Province. And the hon. gentleman in introducing the bill told us nothing about the tax writeoff, never even mentioned it. He told us about DREE grants that have been applied for but never mentioned the tax concessions that were given by the government of Canada. And you know what that means, Mr. Speaker, these tax concessions apart from Abitibi getting the mill for nothing, free gratis and for nothing - is it any wonder the newspapers and magazines up on the mainland were referring to the former Premier as Santa Claus - it means, Mr. Speaker, the tax concessions mean that Newfoundlanders now are being deprived of a rebate of corporation taxes as collected by the Government of Canada. We have a tax agreement. The Government of Canada collects the corporation tax and they give Newfoundland back so much of it. Perhaps the Minister of Mines (Mr. Doody) can tell me how much corporation tax we get back. Is it 30 per cent?

MR. DOODY: Almost.

MR. NEARY: Almost 30 per cent. So do hon. gentlemen realize that that tax writeoff is costing the Newfoundland taxpayers, the hard-pressed Newfoundlander? Thirty per cent that he would have collected on that corporation tax he is now losing. Does the hon. gentleman follow me? Am I making myself clear?

MR. NEARY:

If the Government of Canada had collected the corporation tax, 30 per cent of it would have come back to Newfoundland. But now there is no corporation tax, no profits. They will not be taxed, we are losing that 30 per cent in addition to the \$800 million that are gone down the drain.

So, Mr. Speaker, I wonder what would have happened if proposals had been invited? The minister mentioned earlier about the Advisory Board and forty-five or forty-six companies talking about the Linerboard mill and that sort of thing, but the minister never told us whether these were firm proposals or not. The minister said there were only two firm, realistic proposals, Abitibi Price and Consolidated Bathurst. Mr. Speaker, what I want to know is what attempt did the government make to get other proposals?

MR. MORGAN: Forty received proposals.

MR. NEARY: No, that was the Advisory Board the hon. gentleman was telling us about.

AN HON. MEMBER: Forty proposals, forty.

MR. NEARY: Well, will the hon. gentleman provide us with a list?

MR. MAYNARD: Forty proposals received by the (inaudible).

MR. NEARY: Mr. Speaker, will the hon. gentleman provide us with a list of these companies and tell us how the proposals were invited? Can we have a list? Will the hon. gentleman table a list?

MR. MAYNARD: It is already tabled.

MR. NEARY: Mr. Speaker, it has not been already tabled. We have not been able to get any information on Labrador Linerboard. Give us a list and tell us how the proposals were invited, if each company was given a fair crack at it, if Abitibi Consolidated were given the same concessions as the other companies. Mr. Speaker, I find it hard to believe, and I would say, Sir, that I doubt very much if there is a company on the face of this earth in the paper business or the linerboard business that would not take that deal. And I do not think that hon. gentlemen believe it either, on the other side of the House. The hon. minister does not believe it himself.

AN HON. MEMBER: Are you in favour of this?

MR. NEARY: If Public Tenders were called - Mr. Speaker, the hon. gentleman asked me if I am in favour of it. I am not in favour of anything that is crooked. I am not in favour of skulduggery or crookedness. I am not in favour of crimes being committed.

MR. MARSHALL: The hon. gentleman called it a bad deal.

MR. NEARY: Who called it a bad deal? The hon. gentleman?
It is a bad deal, Sir.

MR. MORGAN: Well, that is interesting.

MR. NEARY: Yes, it certainly is interesting. It is a giveaway.
It is the steal of the century.

MR. MORGAN: Perhaps the mill should be closed.

MR. NEARY: You know, Mr. Speaker, hon. gentlemen will remember what I said a few moments ago when I was speaking that for the benefit of my hon. colleague, the member for Stephenville (Mr. McNeil) and the fact that the government would just say, "Well there they go now they do not want her started up", I sat back and said nothing knowing that this was a crooked deal. I should be ashamed of myself for pushing my principles aside momentarily in the best interests of the party and the people of Bay St. George. I can say it now because, Mr. Speaker, anything that I say in this House now is not going to change the government's opinion on this bill. Abitibi have the Linerboard mill. They have their gift and anything that I can say or do is not going to change it one bit. And the minister, the President of the Council, can get up and say, "Oh, the member for LaPoile (Mr. Neary) said he is against it as a bad deal," and that is true. The Minister can say that all he wants but it is not going to change anything, not going to change a thing.

MR. MARSHALL: It is a good deal.

MR. NEARY: If the hon. gentleman feels that is a good deal, Sir, then I cannot understand why he left the Cabinet over the Craig Dobbin deal if he thinks this is a good deal.

So therefore it does not make any difference. I am only a voice crying in the wilderness. Whatever I say or do is not going to change a thing. And the hon. gentleman can get up and he

MR. NEARY:

can try to steal a headline by hoping that the newsmen upstairs are naive enough to pick up the hon. gentleman saying, "Oh, the member for LaPoile (Mr. Neary) is against Stephenville". I am not against Stephenville, I am all for them. "Oh, the member for LaPoile is against Abitibi." I am not against Abitibi and neither am I for them.

MR. MORGAN:

You never know (inaudible)

MR. NEARY: Mr. Speaker, no I do not want A. B. Walsh to have it either or Metro Engineering. Mr. Speaker, I do not want Mr. Thornhill to have it. I do not want Mr. A. B. Walsh to have it -

MR. J. CARTER: Mr. Doyle?

MR. NEARY: - and I do not want Mr. Doyle to have it. But I do want to see the Newfoundland people get a fair shake. I do not like to see the Newfoundland people used as pawns and conned by the greatest con artist that we ever had in this Province - conned and duped and fooled and faced with a situation that if you do not take this you will have nothing facing you but unemployment. And then the minister has the gall to use the argument, "Well, they have the forest. They have the forest", he says, "they have the wood". "Price is already operating in this Province", he said, "and they have the wood". Well, they have the wood but so what? We have the government. We are representing the people. Are we going to allow Abitibi, Consolidated Bathurst and Price to dictate to the people of this Province when we are the government?

MR. FLIGHT: They got what is left now, too.

MR. NEARY: And they got what is left now.

Mr. Speaker, what actually happened was that the government got itself boxed in.

MR. J. CARTER: Time is up.

MR. NEARY: They got themselves boxed in.

The hon. gentleman's time is almost up. We have the candidate up there now to take care of the hon. gentleman, I will tell you.

MR. W. ROWE: He is finished.

MR. NEARY: The hon. gentleman is finished. He will be able to spend full time now out in the savoury

MR. NEARY:

patch.

Mr. Speaker, I say that the government were negligent in their responsibilities, that they did not offer the Linerboard mill on public tender and then say to the successful bidder, "We will see that you get the wood", but it was just the opposite. Abitibi up in the boardrooms in Montreal and Consolidated Bathurst and Price - Paul Desmarais said, "Give us the Linerboard mill or you will get no timber. You will get no wood." And here we are, this big government here who owns the resources of this Province? We always hear the Premier saying, "All Newfoundland resources for Newfoundlanders", and here we have a situation where Abitibi, Price and Bowaters own the timber resources and we have a half-billion dollar facility that we want to sell and we cannot sell it because Abitibi is dictating to us and saying, "If you do not sell it to us, then you will not get any wood." Yes, Mr. Speaker, that is precisely what happened.

Sir, I move the adjournment of the debate, Mr. Speaker.

MR. SPEAKER:

The hon. member has moved the adjournment of the debate.

MR. MARSHALL:

Mr. Speaker, I move that the House at its rising do adjourn until tomorrow, Tuesday, at three o'clock and this House do now adjourn.

MR. SPEAKER:

It is moved that this House adjourn until tomorrow at 3:00 p.m. Those in favour 'aye', contrary 'nay'. Carried.

The House stands adjourned until tomorrow at 3:00 p.m.