

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
TUESDAY, JULY 24, 1979

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: (SIMMS) Order, please!

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MR. SPEAKER: The hon. Premier.

PREMIER PECKFORD: Mr. Speaker, if I may before we get into the regular order of business, I would like to finish off - if that is the right terminology; I do not imagine it is - the officers of the House and therefore I would like to move the hon. member for Humber West (Mr. Baird) take the office of Assistant Deputy Speaker and Deputy Chairman of Committees.

SOME HON. MEMBERS: Hear, hear!

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

MR. D. JAMIESON: We second, Mr. Speaker.

MR. SPEAKER: Is it the pleasure of the House to adopt the said motion? Those in favour "Aye", contrary "Nay". The motion is carried.

ORAL QUESTIONS

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

MR. D. JAMIESON: Mr. Speaker, I have a question for the hon. the Premier. We are all, obviously, all of Newfoundland is deeply troubled and concerned about the possibility of a fishermen's strike. I think there is a unanimity of view that at this particular time such a close-down of the principal industry in employment terms would be disastrous to say the least. I have no interest at the moment in engaging in any kind of argument as to techniques or methods or what has transpired to this date. I merely would like to ask the Premier, first of all, if the process which he announced here in the House late last week is proceeding or what other steps supplementary to those that the government may be in a position to take.

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

PREMIER PECKFORD: Mr. Speaker, I am sure the Leader of the Opposition has expressed the concern of all non. members of this House, and I imagine a lot of citizens around the Province, that situation as it relates to a possible strike in the fishery is a very serious matter, especially given the time of the year when in many parts of the Province the fishery is really at its peak. The process that was set in motion on Friday, Mr. Speaker, is being followed today and no supplementary action has been taken or no action in addition to that process has been initiated by government. What we intend to do is to go through the process announced on Friday and then this evening we can assess how successful or how we predict or see the success of that process. If it is felt this evening or tomorrow morning that that process does not seem to be doing the job that we thought it would do, then we would have to re-assess and perhaps take other initiatives. But at the present moment we are letting that process follow through.

MR. JAMIESON: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. Leader of the Opposition.

MR. JAMIESON: Just so that I

MR. JAMIESON: understand the process fully, Mr. Speaker. A question for the hon. the Premier; Am I to understand that the three steps that were outlined as the basis for a possible resolution are now in the process of being discussed among the various parties and with a government presence, or is it simply a matter of this proposal or combination of proposals having been sent and the government waiting to see what kind of response might emerge from them? I ask that question, Mr. Speaker, because, since the proposal was put on the table by the Premier last Friday, obviously the decision to go ahead with strike action has been taken. I do not want to read too much into that as to whether that means a rejection of the proposal, but I wonder if the Premier is in a position to be a bit more specific as to just what actual face to face or other talks may be underway.

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

PREMIER PECKFORD: Yes, Mr. Speaker, I think that the other process of the union by moving towards a strike situation was in place and that they had already announced before last Friday their intention to meet again today or yesterday and decide upon a date and this has not in any way impaired the initiatives that we took on Friday and we had anticipated that such would occur yesterday, that the union would make such an announcement. As I understand it, Mr. Speaker, the members of the Department of Fisheries and the Department of Labour and Manpower will be presenting on paper to the other two groups the proposal, the outline of which was presented in the House on Friday.

MR. JAMIESON: One final supplementary.

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

MR. JAMIESON: Once again I want as a prelude to my question to emphasize that there is nothing argumentative about what I am saying at the present time. It is a very genuine effort to

MR. JAMIESON: discover which way we may be able to resolve this matter rather than - perhaps it might even be ruled, Your Honour, hypothetical - but assuming that tomorrow there is something of substance with regard to the talks, would the hon. the Premier, or perhaps the House Leaders, consider some means through which a more comprehensive assessment of the situation might be undertaken by the House or in committee or somewhere rather than have to rely upon what emerges either from the Question Period or a ministerial statement or something of that nature?

I leave it as general as that at the moment, but I think the House would agree that if it appears that there is a very serious breakdown that this House should be seized of it at the earliest possible opportunity in as much detail as possible.

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

PREMIER PECKFORD: Yes, Mr. Speaker, given that eventuality I am willing to consider the kind of alternatives

Premier Peckford: that the Leader of the Opposition has just presented, and therefore on tomorrow if the situation has deteriorated or whatever I think we can set up some consultative mechanism to keep the whole House informed, either generally through this House or through some other mechanism that the hon. the Leader of the Opposition just mentioned.

MR. ROBERTS: Standing Order 23, - I should think.

MR. SPEAKER (SIMMS): The hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Mr. Speaker, I have a question for the Minister of Mines and Energy (Mr. Barry). A few days ago in questioning the minister on the development of Gull Island power in terms of a possible intertie with the Province, the minister gave the House the indication if that were to come about, there appeared to be a consensus that Muskrat would be the most likely for development in the immediate future. Now studying the proposals that Hydro has placed before the PUB, it appears that they are looking for favourably at Gull Island and Muskrat further down the road.

I wonder if the minister could tell me whether or not there is some conflict between government plans on the development of the Lower Churchill and, say, Hydro?

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

MR. BARRY: Mr. Speaker, I am sure the hon. member does not intend to do this but he is putting words into my mouth. In responding to his question I believe I made it quite clear that the thing that is going to determine which will be the first site to be developed will be the report that is presently being prepared by a very high powered team of consultants who are revising the cost estimates for the Gull Island site and preparing cost estimates, as I understand it, for the Muskrat Falls site. And my statement was that I understood that there was a possibility--nothing more definite than that, that there was a possibility--if the cost estimates came in when this review process is completed, and that will not be until the end of 1979, early 1980, when this process

Mr. Barry: is completed there is a possibility that the Gull Island site might be the more attractive, even though it will be on a kilowatt hour basis in all likelihood more expensive, it might be more attractive because it will be a smaller capital cost.

However, at the present time the plan under which the Newfoundland and Labrador Hydro Corporation should be proceeding, because this is the one that has up to now received thorough consideration and an initial cost estimate prepared, is the development of the Gull Island site. I am just trying to say that we should not rule out the possibility of Muskrat Falls being the first site to go.

MR. RIDEOUT: A supplementary.

MR. SPEAKER (SIMMS): A supplementary, the hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Yes, Mr. Speaker. I thank the hon. minister and I think that is a clearer statement than Hansard sort of gave from its response last week.

MR. BARRY: The paper confused the statement that I made. I know one of the papers, The Daily News I think it was.

MR. RIDEOUT: Mr. Speaker, I have a supplementary for the minister. And again, in view of the fact that Newfoundland Hydro admits that were it to develop the Lower Churchill power in terms of an intertie, and were that development to begin immediately,

MR. RIDEOUT: it would be at least 1986 before that power could be developed and the intertie could come in play, I wonder could the minister tell the House whether the government, in view of that longtime down the road happening or possible happening, whether the government has any other contingency plans to protect the consumer of electricity in this Province from the all too frequent increases in the cost of electricity?

MR. SPEAKER: (Simms) The hon. Minister of Mines and Energy.

MR. BARRY: Mr. Speaker, first of all with respect to the 1986 date, I believe that is premised upon this updating of cost estimates being completed in early 1980. So that it is not the fact that we have to await this report will not mean an additional year being tacked on so that it is 1987. We have a year of planning that is involved in that schedule you speak of. As to alternate plans, Mr. Speaker, the Newfoundland and Labrador Hydro Corporation is presently briefing government with respect to a proposal for the development of the Upper Salmon River, as I am sure the hon. member is aware, and there are a number of options that are available. Either the Upper Salmon and Cat Arm Rivers are developed on the Island of Newfoundland, or a fourth unit is placed on the thermal plant at Holyrood. These are expensive propositions. These are the best of the alternatives that are facing the Province; however, and I might say that these are alternatives that are much more favourable than those facing some of our neighbouring provinces because we do have hydro power still available whereas they do not. So let us not paint too black a picture. But I make no bones about the fact that until we have a Labrador power infeed, the consumers of this Province, anymore than the consumers in the rest of Canada, can not expect to see stable energy prices if the price of petroleum is going to continue to increase. The cost of our energy is directly related to the cost of the oil that will be burnt to produce it and if the oil goes up, Mr. Speaker, and that is a factor over which we

MR. BARRY:
price of energy will go up.

have no control, then the

MR. JAMIESON:

A supplementary.

MR. SPEAKER: (Simms)

Hon. member of the

Opposition.

MR. JAMIESON:

On that last point of

the hon. the minister: It is of course a fact of life, as has been said, that oil prices are increasing. What I would like to ask him is whether or not he is aware as to whether or not the Newfoundland Hydro's submission, which I believe he has in front of him - it appears to be a similar document in any event - is going to be altered even before

MR. JAMIESON: it gets to the Public Utilities Board, because there is an asterisk which says that all of these calculations were made prior to the most recent OPEC increases? In other words, is the Newfoundland and Labrador Hydro Corporation prepared to go ahead with the ten and six, which is really more than sixteen, as being the minimum? And do we read into what the hon. minister has said, the fact that the monthly surcharge, the energy surcharge or whatever the official name of it is, is also likely, in addition to the ten and six, to be increasing in relation to oil prices as is now being forecast pretty universally?

MR. SPEAKER: (Simms) The hon. the Minister of Mines and Energy and Industrial Development.

MR. BARRY: Mr. Speaker, I would have to verify just what the impact of the most recent OPEC prices will be on the rate increases and I have to preface my remarks with the statement that I do not have firm information on this point. However, I think it should be mentioned that, as I understand it, the impact of the OPEC prices will not be felt in North America until sometime this Fall, so that the effect upon the application for the initial percentage would be somewhat less, if any, than we would otherwise expect, that before the oil that is purchased gets into the pipeline and comes out this end or into the tankers and comes out this end, Mr. Speaker, there is a gap. So I can only say that I will take note of the question raised by the Leader of the Opposition and attempt tomorrow to supply additional information on it.

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

MR. SPEAKER: A final supplementary, the hon. the Leader of the Opposition.

MR. JAMIESON: While the hon. minister is doing that would he simply see if he can find a simple answer - it is a very complex issue - but a simple answer to this question? Because I believe that those who will be making representations to the Public Utilities Board will want to know this, namely, whether the 10 per cent and 6 per cent next year is going to be the totality of any projected energy cost increase or whether the monthly fuel adjustment levy is going to be subject to all of the

MR. JAMIESON:

pending increases in oil prices as well.

MR. SPEAKER: (SIMMS)

and Industrial Development.

The hon. the Minister of Mines and Energy

MR. BARRY:

we should note that there has been no approval of the 16 per cent application, that this is a request.

Yes, Mr. Speaker, again, first of all,

AN HON. MEMBER:

The Cabinet has approved it.

MR. BARRY:

not stating the facts correctly.

The Cabinet has not approved anything as far

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please!

The hon. minister.

MR. L. BARRY: Mr. Speaker, under the legislation passed by this hon. House, by law, Newfoundland and Labrador Hydro Corporation is entitled to make application for rate increases to keep it in a viable financial position. And the hon. member, I am sure, was here when that statute went through the House.

MR. S. NEARY: With the approval of the Minister and the Cabinet.

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

MR. L. BARRY: Now, Mr. Speaker, the process is that there will be a Public Utilities Board hearing, interveners will have an opportunity to object to the amount of the increase, including, I might say, Mr. Speaker, interveners whom government will be supplying with financial assistance in order to obtain legal counsel to fight for the consumer interest, because we believe that the only way that we will see an efficient operation by Hydro and reasonable rates for the consumer is in the process of open debate before the Public Utilities Board.

Just one final point, brief point, Mr. Speaker. With respect to the first part of the question, there was one very important factor I omitted to mention and that is the cheapest energy that we have available in this Province today, the cheapest energy is not hydro, is not thermal, is not nuclear. The cheapest energy is the energy that we save by conservation. And we have, together with the Federal Government, Mr. Speaker, a programme which will result in the spending of some, I think it is \$11 million on conservation in this Province, and that is a very important programme, to see the energy needs of this Province being met in the short term.

AN HON. MEMBER: Hear, hear.

SOME HON. MEMBERS: Mr. Speaker, Mr. Speaker.

MR. SPEAKER: I believe I will allow the final supplementary from the Leader of the Opposition (Mr. D. Jamieson)

MR. SPEAKER: (Simms) on that particular subject but we will allow the member who raised the subject one final supplementary.

The hon. member for Baie Verte -
White Bay.

MR. T. RIDEOUT: Thank you, Mr. Speaker, and it is the final supplementary on that issue from me. In my previous supplementary question to the minister, I asked him about alternatives and he listed Cat Arm and Upper Salmon and a couple of others. I understand from Hydro's own documents that there is theoretically at least about 800 megawatts of undeveloped power on the Island itself. I was wondering whether the government and the minister has any policy or any plan to direct Hydro to begin an accelerated programme of on-Island development but not losing sight, of course, of the development of the Lower Churchill which would come in with intertie itself?

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

MR. L. BARRY: Mr. Speaker, as the Premier has mentioned there was an accelerated programme which commenced with the Hinds Lake development, but I think that we should also point out that when I was minister, in 1974 or 1975, I believe it was, I asked for an environmental assessment to

MR. BARRY:

be carried out of the remaining hydro sites on the Island and there are some considerable environmental problems with some of those areas that are included in that 800 megawatts. For example, I think the Terra Nova River is one. the Premier could correct me, that -

PREMIER PECKFORD:

The Lloyds River.

MR. BARRY:

This is the point I am making, that the Terra Nova River would be a tremendously difficult site to develop because of the environmental considerations. There are no megawatts in the Lloyds River but Lloyds River is the cheapest energy by far probably in North America today. You could bring that in apparently at seven mills per kilowatt hour. Now environmental considerations -

MR. FLIGHT:

(Inaudible).

MR. SPEAKER (Simms):

Order, please!

MR. BARRY:

- however, as the hon. member for Windsor-Buchans (Mr. Flight) is aware, environmental considerations mean that it is very difficult to proceed with that type of project.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

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

MR. SIMMONS:

Mr. Speaker, the hon. the Premier undertook some days ago, a week ago, I believe, to get the answer to a question which I raised in connection with the access route for the proposed Upper Salmon development, I wonder if he has had an opportunity to do so yet?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Yes, Mr. Speaker, I checked it out. I think the hon. member for Burgeo-Bay d'Espoir (Mr. Simmons) might be referring to - I think during the election campaign there were some people in the Bay d'Espoir area who wanted some assurance that the road would be going in, if and when the Upper Salmon development went ahead, it would be going

PREMIER PECKFORD: in from the Bay d'Espoir Access, I think there is a telegram on file with somebody in Bay d'Espoir indicating that Hydro had advised me that they intended to use the Bay d'Espoir route as the access route to the Upper Salmon development, with a consequence to that in reviewing the whole question of the Upper Salmon development no final decision has been made by government as it relates to what access will be used if and when the Upper Salmon Development goes ahead.

I think it is the view of the Hydro Corporation that the access be from Bay d'Espoir. Government has not taken a final position on that at the present moment.

MR. SPEAKER (Simms): A supplementary, the hon. member for Burgeo-Bay d'Espoir.

MR. SIMMONS: The Premier does refer to a telegram. I assume it is the same telegram of which I have a copy here from his office during the election. In addition to that, a spokesman for him during the election stated in writing that, "The Upper Salmon Road will lead from Bay d'Espoir. This assurance has been given me by Premier Peckford today, June 14th., in a telephone conversation." And I wonder if the Premier now, in light of that information - it is a signed letter, I can give him a copy if he wishes - a signed letter from a spokesman for him, I do not think

MR. SIMMONS:

it is important that we mention the name publicly though I have no reason not to do so, but I do not think it is fair to the individual; but in light of that, if the Premier has been quoted correctly in the letter that he had indeed given the assurance that the route would be through Bay d'Espoir, could he enlighten us now as to why there has been a change, or indeed, if this is correct information in the first instance?

MR. SPEAKER: (Simms)

The hon. the Premier.

PREMIER PECKFORD:

No, Mr. Speaker, there has been no change. The change has been that no decision has been made. At the point in time when that telegram was sent and the letter sent, the people who were contacted about the Upper Salmon development were, of course, the Hydro Corporation, and the Hydro Corporation did indicate that they intended to build the access to the Upper Salmon development, if and when it went ahead, from the Bay d'Espoir area. A full briefing on the Upper Salmon development has since ensued since the government took office and no final decision on where the access would go from to the Upper Salmon development has been made. The information that was at our disposal at that time was that the access road would go in from Bay d'Espoir and the people were so informed on the basis of advice received from Hydro.

MR. SIMMONS:

Mr. Speaker, a supplementary.

MR. SPEAKER:

A supplementary, the hon. the member for Burgeo - Bay d'Espoir.

MR. SIMMONS:

Mr. Speaker, I am sure the hon. the Premier must realize that there is a matter of credibility here insofar as he and his administration are concerned, in that the undertaking was quite definite to the people of Bay d'Espoir, an undertaking that the road - and it is not the road, I am sure hon. members will appreciate, but it is the 1,000 jobs that the road will make possible during the short term, during the three year construction period. It is the 1,000 jobs that the people are interested in plus the permanent implications of having a connection between the present Bay d'Espoir generating station development and the proposed Upper Salmon. The road has become just the namer, but perhaps the misnomer

MR. SIMMONS: in some respects. It is the whole project with job implications. And I started to say to the Premier, through you, Mr. Speaker, that there is somewhat a matter of credibility involved here, and could he indicate to the House why there has been this decision to review? Has something come up either environmentally or some other economic consideration? I understand that the consultants for some months now have placed before Hydro and, in turn, to government, four possibilities for access routes to the Upper Salmon. If the decision was so final on June 14th that a definitive statement could be made, what has transpired in the interim? Is it an economic consideration now or an ecological one? What has happened since that has required the matter to come under further review?

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

PREMIER PECKFORD: Yes, Mr. Speaker, there is a very definite question of credibility here and I want to be totally and absolutely honest with both the hon. the member for Burgeo - Bay d'Espoir (Mr. Simmons) and the people to whom I communicated on June 14th. That is why I am indicating as clearly and as honestly as I can here right now, Mr. Speaker, to the hon. the member for Burgeo - Bay d'Espoir that that telegram and that letter were communicated to those people based upon advice received from Newfoundland and Labrador Hydro. I was not in my office at the time, and we sent out that telegram on the basis of information received. The whole Upper Salmon development had not been reviewed by Cabinet or by me up to that point in time. So there is a real question of

Premier Peckford: credibility here. And I am saying quite definitely, because I want to be totally honest on the matter, is that given the information at the time, that information was communicated to the people who had enquired. At this point in time, since the full review of the Upper Salmon has been completed in light of environmental considerations, wildlife considerations, as well as hydro considerations, there has been no final decision by Cabinet or by government as to what route will be taken.

MR. FLIGHT: A supplementary, Mr. Speaker.

MR. SPEAKER (SIMMS): The hon. member for Windsor-Buchans on a supplementary.

MR. FLIGHT: Mr. Speaker, my supplementary is to the Premier, and as he knows as a result of meetings he has taken part in himself over the last couple of months, that the development of the Upper Salmon has been dangled in front of the Buchans residents, the presently unemployed and the ones who will become unemployed by, I might say, the Premier. And all I want to do now, Mr. Speaker, is ask the Premier if he will make a commitment to this House - Hinds Lake was dangled in front of them by way of employment, and that employment and any benefits were denied as a result of denying access—that any contribution to the Buchans economy or any benefits coming from the Upper Salmon will not be denied to them again as a result of access to the Upper Salmon being denied. And I might remind the Premier here that it was the Premier, both in his capacity as the Minister of Mines and Energy and as the Premier, who made that commitment or said the things that allowed the people of Buchans and the people who are looking at or wanting some industry-created or job opportunities to take advantage of guaranteeing the economy, it was he himself who made the commitments and said the things about the Upper Salmon that had them believe that they would indeed participate in the construction and he knows the only way they can do that is by having access to the site.

PREMIER PECKFORD: Mr. Speaker, what was the question again?

MR. SPEAKER (SIMMS): I wonder would the hon. member state his question briefly please?

MR. FLIGHT: Yes. Is the Premier prepared to stand by his commitment to the people of the Buchans area - having justified the government's position of denying them access to the Hinds Lake site, denying them any benefits, jobs, spinoff or any other wise from the Hinds Lake site - that he held out the development of the Upper Salmon, he held out the development of the Upper Salmon as being one of the projects in Central Newfoundland that would have the effect of creating jobs for the people who will become unemployed in the Buchans area? Now will the Premier indicate to the House if he intends to see that that will indeed happen, and that the people from the Buchans area will have access through Millertown, as he indicated, to the Upper Salmon?

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

PREMIER PECKFORD: Yes, Mr. Speaker, I do not think that the hon. member is correct when he states that I indicated that the access to the Upper Salmon would be through Millertown. I do not think I ever said that. I have indicated to the people of Buchans on many, many occasions that the Upper Salmon development

PREMIER PECKFORD: provides an opportunity for government with the people of Buchans to participate in perhaps developing some of the ore reserves that were in the Upper Salmon area so that the two developments could go ahead. There is some indication the Price Minerals that there might be economic deposits of copper and other ores in that general area that, with the development of the Upper Salmon, we could also participate in having that development go ahead and in some way assisting and enhancing those ore deposits in coming onstream and developing another mine. There are many problems associated with the Upper Salmon development. First of all we have the problem of unemployment in the Bay d' Espoir area; secondly, we have the problem of unemployment in the Buchans area; thirdly, we have the problem of the environment; fourthly, we have the problem of the wildlife and all of those have to be rationalized by the hon. gentleman who is now Minister of Mines and Energy (Mr. Barry), and by the Cabinet in its ongoing discussions of the Upper Salmon development. I am cognizant, sensitive, sympathetic towards the people of Buchans and have demonstrated that, I think, on many, many occasions in Buchans, in this House and in other places. I can assure the hon. gentleman that in any green light given to the Upper Salmon development, that the people of Buchans will have to be one of the areas that will have to be given high priority for job opportunities on that development.

MR. SPEAKER (SIMMS): Order, please!

I am advised that the time for Oral Questions has expired.

NOTICES OF MOTION

MR. SPEAKER: The hon. Minister of Health.

MR. HOUSE: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce the following bills, "An Act To Amend The Pharmaceutical Association Act,"; "An Act Respecting Dispensing Opticians"; "An Act To Provide For Provision of Lower Cost Prescription Drugs,"; and "An Act To Amend Embalmers and Funeral Directors Act", 1975".

MR. SPEAKER (SIMMS): The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, on behalf of the Minister of Consumer Affairs and Environment (Mr. Brett) I give notice that I will on tomorrow ask leave to introduce the following bills; "An Act To Amend To Amend The Department Of Consumer Affairs And Environment Act, 1973"; and "An Act Respecting The Drilling Of Water Wells And The Conservation And Use of Ground Water."

MR. SPEAKER: The hon. Minister of Fisheries.

MR. W. CARTER: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce the following bills; "An Act To Amend The Fishing And Coasting Vessels Rebuilding Repairs Bounties Act,"; "An Act To Amend The Fishing Industry's Advisory Board Act, 1975."

MR. SPEAKER: The hon. Minister of Education.

MRS. L. VERGE: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled, "An Act To Amend The Schools Act".

MR. SPEAKER: (Simms) The hon. Minister of Public Works.

MR. YOUNG: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill intitled, "An Act Respecting Government Printing."

MR. SPEAKER: The hon. Minister of Finance.

DR. COLLINS: Mr. Speaker, I give notice that on tomorrow I will ask leave to introduce a bill, "An Act Respecting The Garnishment Against Remuneration Of Public Officials." And I give notice that I will on tomorrow ask leave to introduce a bill, "An Act To Repeal Fuel Oil Tax Acts."

MR. SPEAKER: The hon. Minister of Tourism.

MR. POWER: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled "An Act To Amend The Historic Objects, Sites And Records Act." and , "An Act To Provide For Natural Areas In The Province To Be Set Aside For The Benefit, Education And Enjoyment Of Present And Future Generations In The Province."

MR. SPEAKER: The hon. Minister of Labour and Manpower.

MR. DINN: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce the following bills; "An Act Respecting Amusement Rides." and, "An Act To Amend The Workers Compensation Act."

MR. OTTENHEIMER: Mr. Speaker.

MR. SPEAKER: Oh, I am sorry!
The hon. Minister of Justice.

SOME HON. MEMBERS: Hear, hear!

MR. OTTENHEIMER: I was not sure
hon. members wanted me to give notice of these.

MR. OTTENHEIMER: I give notice that I will on tomorrow ask leave to introduce the following bills; "An Act To Amend The Fire Prevention Act.", "An Act Respecting Small Claims.", "An Act Respecting Provincial Offences and Provincial Court Enquiries.", "An Act To Adopt An Anthem For The Province."

SOME HON. MEMBERS: Hear, hear!

MR. OTTENHEIMER: "An Act To Amend The Intestate Succession Act."

SOME HON. MEMBERS: Oh, oh!

MR. OTTENHEIMER: I am not sure but the hon. member for St. John's Center (Dr. McNicholas) will probably be introducing the Anthem Act.

SOME HON. MEMBERS: Oh, oh!

MR. OTTENHEIMER: "An Act To Amend The Provincial Court Act, 1974.", "An Act To Amend The Chairman Of The Board Of Commissioners of Public Utilities Pension Act, 1974.", "An Act To Remove Anomalies And Provincial Legislation That May Be Construed As Discriminatory.", "An Act To Amend The District Court Act, 1976."

MR. SPEAKER: (Simms) The hon. Minister of Mines and Energy.

MR. BARRY: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill entitled "An Act To Facilitate The Development Of The Hydro Electric Power Potential Of The Lower Churchill River."

SOME HON. MEMBERS: Hear, hear!

ANSWERS TO QUESTIONS TO WHICH NOTICE HAS BEEN GIVEN

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

MR. OTTENHEIMER: Mr. Speaker, I will give the answer now to three questions on the Order Paper of last Wednesday, asked by the hon. member for LaPoile.

In answer to question one, that was the tabling of the report of the Mahoney Royal Commission, this report has not been submitted to government and obviously I cannot table it. I refer to the Latin, L'maxim "nemo dat quod non habet" - , nobody can give what he does not have.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: When do you expect to get it?

MR. OTTENHEIMER: I do not know.

MR. OTTENHEIMER: I really do not know. I really do not know. All of the other questions, two and three, and two had a number of subdivisions, all of the other questions dealt with various police investigations. Essentially what the question was or, when it was corrected, because originally - I just say this for the benefit of hon. members in general - it was to table the police enquiries. As hon. members know that cannot be done and as corrected it was to give what I would call a status report, whether it is completed or not and what charges, if any, or whether charges have, in fact, been laid. There are seven or eight and I will go through each one of them. Before so doing, I would like to make a brief statement because these are all related and this will be a statement of the approach that I have taken and intend to take. So in answering these and similar questions which might be asked, I would point out to hon. members what my procedure will be. Where the police investigation has not been completed, in those instances, I will indicate that fact but I will not comment further on it except to inform the House that charges have been laid, if in fact they have been laid, before the completion of the investigation. To say more than that would not only impede the progress of the investigation but could also cast aspersions on innocent people. That is in situations where police investigations are not completed.

Where the investigations have been completed obviously there are two possibilities, either charges have been laid or they have not. I will in the first instance indicate which of those is operative. Let me say that I attach the highest priority to the principle of equality before the law, therefore, the general principle that I shall observe and insist upon is as follows: Where the evidence obtained or obtainable warrants it, charges

MR. OTTENHEIMER: will be laid. Where the evidence obtained or obtainable does not warrant the laying of charges they will not be laid. That is the general principle which I shall observe and which I shall insist upon.

MR. NEARY: (Inaudible)

MR. OTTENHEIMER: I would certainly hope so. Yes.
In answer to the question on the

RCMP investigations into alleged wrongdoing at the Labrador Linerboard mill at Stephenville and with respect to the logging operations at Goose Bay, the RCMP investigation at the Labrador Linerboard mill at Stephenville is ongoing. Charges have been laid to date against three individuals and companies. With respect to the investigation at Goose Bay, these investigations are completed. The evidence available does not warrant the laying of charges.

With respect to the RCMP investigation into alleged commissions paid to Egret in Bermuda and allegedly involving the sale of Labrador Linerboard products, the investigations are ongoing. With respect to RCMP investigations into allegations made by a former project manager of Scrivener's, the investigation is ongoing. With respect to the question on police investigation into St. John's and Happy Valley-Goose Bay, and with respect to alleged wrongdoing involving purchasing of material and supplies and letting of contracts by the St. John's Housing Corporation and the Newfoundland and Labrador Housing Corporation, these are two distinct, different investigations. The St. John's based investigation is complete. The evidence available does not warrant the laying of charges. The investigation in Happy Valley-Goose Bay is ongoing, not completed.

Regarding police investigation arising from the Fishermen's Gear Replacement Programme, this investigation is ongoing. In one instance charges were laid and dismissed. In another instance charges are pending. Charges have been laid but the matter has not been disposed of.

MR. OTTENHEIMER: With respect to a police investigation into procedures involving the awarding of contracts in the Department of Public Works, the investigation is ongoing. To date charges have been laid against one individual. With respect to police investigations into dealings between a number of individuals and firms in the Local Improvement Board of Labrador City, these investigations have been completed and as a result charges have been laid. With respect to the RCMP investigations into Societe' Transshipping, the investigation is completed and because of insufficient evidence charges have not been laid.

These are all of the questions the hon. gentlemen asked me and I have one to table and one for the hon. member.

ORDERS OF THE DAY:

MR. MARSHALL: Motion one, Committee of Supply.
On motion, that the House resolve itself into Committee of the Whole on supply, Mr. Speaker left the Chair.

MR. CHAIRMAN: (Butt)

The hon. the Minister of Finance.

DR. J. COLLINS:

Mr. Chairman, in this vote

we are dealing with Consolidated Fund Services and members of the Committee will recall that this vote deals with the charges associated with the Public debt and also with the management of pensions; various pension responsibilities for which the government is responsible.

I do not propose, Mr. Chairman, to go into any great detail about this Heading, but a few remarks may be in order. It will be noted that under debt charges there has been an increase in costs. The total increase is from roughly \$146.5 million up to over \$162 million, and this refers, as would be expected, to the increased interest rates in effect in our society at the present time. There are debts that the Province owes which are repaid and new debts taken on, and these new debts, of course, almost invariably now-a-days do have a higher interest charge related to them. There is some off-setting advantage, I suppose, to the present situation too. I will not refer to this in any great detail because in Committee we deal with outlay rather than with revenue, but it will be noted that under Revenue, Temporary Investments, for instance, shows that we get an increase in the interest that accrues to the Province for the very same reason that interest rates are going up almost yearly.

Mr. Chairman, members of the Committee will note that under the Statutory Rental Purchase - again, I will not deal with this in any great detail because Committee is not too concerned with this - but it will be noted that each one of these subheadings there refers, really, to a separate small Crown corporation. These are gradually being paid off as time goes by and the amounts there are the amounts that are being paid off this year.

Another point that I think might be made at this time is in terms of our expenses on debt management and it will be noted that the discounts and commissions related to the sale of the Province's debentures are considerably less this year. There is something like \$3.5 million less this year. The reason for that is that we anticipate

MR. J. COLLINS: offering two issues on the market this year as opposed to three last year, and also it is anticipated that these issues will be offered on the Canadian and the American market rather than the European market and the commission rates are lower on the North American market.

Mr. Chairman, under Pensions, it will be noted that there are increased costs to the Province there, last year something of the order of \$12 million and this year something of the order of \$15 million. This applies to almost all pensions in the public domain - railway pensions, constabulary pensions, teachers' pensions and so on and so forth. And again, it indicates the numbers of people now going from the Public Service into a pension situation.

I have other details here, Mr. Chairman, and I have no doubt that as we go down through the various subheads, various points will arise and I will make note of any questions that are asked and I have information here that I will be able to give readily. If there is information that is not readily available, I think I can obtain it in relatively short order from officials in the department.

MR. CHAIRMAN: (Butt)

Shall 105-03-05 carry?

On motion, 105-03-05, carried.

MR. CHAIRMAN: (Butt)

Shall 105-03-08 carry?

MR. SIMMONS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Burgeo -

Bay d'Espoir.

MR. SIMMONS:

I hope, Mr. Chairman, for clarification, that the first item has not been carried. I was standing to my feet before the question was put.

MR. SIMMONS: Sir, are we on 101?

MR. CHAIRMAN (MR. BUTT): It is statutory, and it is not voted.

MR. SIMMONS: I am aware of all that, Mr. Chairman. I just want to make sure that we are going to get a chance to speak in the debate before the questions are put. And I would hope that we are on 101-03, is that correct?

MR. CHAIRMAN: 105-03-05.

MR. SIMMONS: I hope we are on the first head, Mr. Chairman. Is that correct?

MR. CHAIRMAN: Statutory.

MR. SIMMONS: I am aware they are statutory, Mr. Chairman. Which head is being called, Mr. Chairman?

MR. CHAIRMAN: 105.

MR. SIMMONS: 105 is being called, so we are on 105.

Right. I would assume that we are at liberty to make any comments about the other heads, the statutory heads.-

MR. CHAIRMAN: Yes, that is correct.

MR. SIMMONS: - as the minister had opportunity to do so?

Mr. Chairman, just a very brief and a very preliminary comment at this point. Members of the Committee will be aware that we have opportunity to raise questions under each individual subhead. That being the case and it also being the case that we will have a Budget debate over the next few days probably interfaced with this Committee proceeding, it is not our intention at the present time to take any length of time debating points in Committee. What we want to do is use it as the Committee procedure, and in light of the government's stated intention to allow a fullfledged Budget debate, then we accept the spirit of that and it is our intention, therefore, to reciprocate by using the estimate's procedure in Committee to ask questions, basically, of information. We will allow an opinion or two along the route, and we will criticize and so on but basically it is going to be an information seeking process. At least, that is our intention at the

Mr. Simmons: outset and for that reason, at this point in time I have no questions except - I have questions as we get further down mind you, but underneath Head 105 I have no questions.

My colleague for Bonavista North (Mr. Stirling) I believe has a question related to 103-04, if we might revert there for a moment, 103-04 is it 'Len'?

MR. STIRLING: Mr. Chairman, actually I do have a couple of questions specifically on that.

MR. CHAIRMAN (BUTT): The hon. member for Bonavista North.

MR. STIRLING: Maybe in the spirit in which we have discussed the importance of Committee and for the benefit of those of us who are new members, I appreciate the Chairman is also a new member, maybe if we can have this more informal, as was indicated the Committee would be, I realize this is the Committee of the Whole, presumably the same rules do apply. Some of these questions may just be requiring some clarification for the benefit of those of us who are new members.

I actually have a couple of questions on subhead 101, and maybe they are just for information, maybe the Minister of Finance (Dr. J. Collins) - if it is out of order, of course, I will not ask the question I will find another way. But going back to 101-20, in which there is a referral to revenue coming in from various sources, the indication is if you compare 1978-1979 with 1979-1980 that you are not expecting as many fisheries loans to be repaid, it is down by about 50 per cent. Is there any explanation for that? Or is that an acceptable question?

DR. J. COLLINS: Is the hon. member making a request now or will he finish his remarks first?

MR. STIRLING: Well, I understood in Committee, at least that I could ask a question and sit down and stand again. Thank you, Mr. Chairman.

MR. CHAIRMAN: Yes.

The hon. Minister of Finance.

DR. J. COLLINS: Mr. Chairman, that relates particularly to a repayment that the Province received last year under its deficiency guarantee loan

DR. J. COLLINS: arrangement, a repayment from Fishery Products. If the hon. member went back to the Budget the year before, he would find that the amount of repayment under that subheading in 1977-78 would be very similar to the amount of repayment we anticipate in this year 1979-80. And it was in the year 1978-79 that there was a 'bump up', shall we say, there was an increased amount that year and that related to a repayment by Fishery Products of a loan under the guarantee deficiency arrangement.

MR. L. STIRLING: Excuse me, Mr. Chairman, the same question, I guess, on economic development loans, does that anticipate that there will be a smaller amount paid there, \$1,370,000 down to \$91,000? For other days, I will get a copy of the 1978 Budget. I took this literally as meaning it was revised.

DR. J. COLLINS: If the hon. gentleman would just give me a moment there just to check that one.

Mr. Chairman, the repayment of these loans - the interest one receives, I should say, on these loans does vary according to whether the loans have been repaid or not so there will be variations from year to year. I do not have readily at hand here but I can certainly get it for the hon. gentleman if he so wishes, I do not have readily at hand why there is that size of difference there. I can tell the hon. member what the repayments were or anticipated, I should say, for 1979-80. We are anticipating from Atlantic Films and Electronics an interest payment of \$1,200; from Bowaters Newfoundland Limited - \$75,900; from Island Products Limited - \$1,900; from Newfoundland Forest Products - \$12,700 giving a total of \$91,700. So this gives a breakdown on today, on this year's interest repayment.

MR. CHAIRMAN: (Butt) Is that acceptable to the hon. member from Bonavista North?

MR. L. STIRLING: Yes it is. Thank you. I guess, Mr. Chairman, the point I am really getting at and may be the minister

MR. L. STIRLING: can tell me whether it appears in another section, if it is decided that a loan which has been given in the economic development area, for example, you mentioned a Bowaters' loan or some other loans, Atlantic Films' loan, if a loan is not collectible or somebody has not paid back or has gone bankrupt, does this appear in this section or is there another place that we can find that out or is this a discretionary point where the government can decide that they will not press for recovery and then it does not get recovered? Does that appear here or is there another part of the Budget or the estimates where we will find that?

MR. CHAIRMAN: (Butt) The hon. Minister of Finance.

DR. J. COLLINS: Mr. Chairman, this particular heading 101-20, that refers to revenues received so this would not actually be where the Province has written off a loan. The hon. member will note that under subhead 104 - Loans Issued Under Guarantee - this is where there have been loans given under guarantee by the Province where there has been default and the Province has, therefore, written off these loans.

MR. CHAIRMAN: The hon. member from Bonavista North.

MR. L. STIRLING: Thank you very much, Mr. Chairman, and I do appreciate the patience shown by the minister in helping me through this.

There is a new item there, Municipal Councils, \$226,000. Could the ministers explain? It is an income from Municipal Councils that is a new item.

DR. J. COLLINS: Mr. Chairman, -

MR. CHAIRMAN: The hon. Minister of Finance.

DR. J. COLLINS: -that, Sir, refers to loans that were given by DREE in the late 1960s and early 1970s, I believe, and I believe they had to do with Winter Works. Now, in last year's Budget these were set up-

DR. COLLINS: Although they were given by DREE, there was a provincial responsibility there for them in part. And in last year's Budget it was set up that it was anticipated that there would be repayment of these loans. But I do not know if the hon. member will recall that a number of municipal authorities found that they could not meet their repayments arising out of these loans last year and so our anticipated return actually did not culminate in any money. So there was no return actually and that is why it is a blank figure there for the revised 1978/79 figure. But we do expect now that there will be returns this year. We have set up \$266,500,00 that will be returned to the Province arising out of those rather old DREE loans related to Winter works.

MR. CHAIRMAN (BUTT): The hon. member for Bonavista North.

MR. L. STIRLING: 102 - 10 refers - in the Rental Purchase area, just about all of those things in Rental Purchase, the amounts are very similar but in the Pepperrell Hospital, the Janeway Child Health Centre, there is a substantial increase of about \$50,000. Is there any explanation for that? The others are relatively nominal.

MR. CHAIRMAN: The hon. Minister of Finance.

DR. J. COLLINS: I will have to get the hon. member, Mr. Chairman, information on that. All I can say is that the Janeway Child Health Centre did return, did pay back to the Province more than was anticipated. I am not certain why they did pay back - I suppose it is conceivable that there was, for some reason, a greater amount of cash available and they decided to repay back an extra amount. But I will certainly look into that, I do not have that information readily at hand.

MR. CHAIRMAN: The hon. member for Bonavista North.

MR. L. STIRLING: (Inaudible) that my colleague deferred for, 103-04. I did get the opportunity to check the 1978 Estimates in this particular case and you budgeted \$2 million, actually spent \$5 million and this year you are anticipating \$1.4 million and you gave the explanation that commission rates are

MR. L. STIRLING: lower in North America and you are anticipating two issues rather than three. Does that mean that last year you also anticipated two issues? Would you require then an extra issue at double the commission rates? That \$2 million if we had it in Bonavista North could have handled a lot of problems.

MR. CHAIRMAN: (BUTT) The hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, there were three issues last year. The borrowing requirements last year were debated by this House and the amount was passed and that resulted in three issues last year. Some, if not all - again I can get this information if the hon. member so wishes - of those issues were in Euro-dollars and the commission for borrowing in Europe is at a high rate. The commission in North America is something of the order of 1 per cent, 1.1 per cent, 1.2 per cent, that range, whereas in Europe the commission rate is approximately 2.5 per cent. And this is not just specific for this Province, this is the general rate that is in effect in borrowings in Euro-dollars.

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

MR. R. SIMMONS: On that same point, I was just wondering what happened to the long-standing tradition of this House of having the senior official from the department come in and sit with the minister? The minister is a very knowledgeable person but he cannot be expected to have all of the detail here and there is a detail here that he obviously does not have because - and I was about to suggest that perhaps we ought to revert to the old, well-established tradition of having the Deputy or whoever come in and sit with the minister during Estimates in Committee so he would have

MR. SIMMONS: the information literally at his elbow. But, Mr. Chairman, there has got to be more of an explanation than the minister is giving the House on this one. He is right in that the House gave approvals last year, but the amount in last year's budget was \$2.4 million, which in the revision is up to \$5 million. And if you do some quick math between his three issues last year as compared to two this year, if all that is involved there is the three issues and I would assume that to be the case from the comments the minister himself has made, then \$5 million spread over three issues is \$1.7 million per issue, and now he is telling us that two issues are going to cost about \$.7 million per issue, in which case, if that is the case I say to the minister, the discounts are not only less in North America, they must be less than half, if I follow his argument through. Three issues cost of the order of \$1.7 million each, if it is fair to average them out to make my point, and now two issues are costing of the order of \$.7 million each. So there is something more than meets the eye there. Perhaps the minister, if he has not got the answer at the moment, can undertake it before these estimates go through committee in the next half hour or hour or so. There is something more to it and perhaps he now has the information.

MR. CHAIRMAN (Mr. J. Butt): The hon. Minister of Finance.

DR. J. COLLINS: Mr. Chairman, I certainly will in very short order now get the details on borrowings for the '78-'79 fiscal year which will give us the detail on the \$5,083,700 under the subhead - Discounts and Commissions. I do not have that here with me but it might clarify matters in the meantime, anyway, if I just detail the \$1,455,000 under that same subhead. Discounts and Commissions, for the current year, for these estimates, '79 - '80. And it is anticipated that there would be a United States issue of \$75 million which is equivalent to approximately \$90 million Canadian, that is if one uses an exchange rate of \$1.17. One American dollar is equivalent to \$1.17 Canadian. And at a 1 per cent commission the cost of that commission would be \$877,500. So that is for one issue anticipated this year. For the second issue

DR. J. COLLINS: anticipated this year, it is a \$50 million Canadian issue and, of course, the exchange rates do not come in there and the commission is at the same rate, that is 1 per cent, so that would give you \$500,000 there.

Now, there is another amount, a smaller amount, which is an annual commission on some previous loans that were made in Europe, Euro and German loans and that annual commission comes to \$77,500 this year. So adding those three figures together, that is the commission on the United States issue, on the Canadian issue, and on the annual amounts that apply to some previous European loans, we get this \$1,455,000.

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

MR. SIMMONS: I say to the minister that the figure that is here in 103-04 is quite in range with what has been provided for in estimates of last year and, indeed, I just checked the previous year too, '77-'78, and this figure of \$1.5 million to \$2 million is exactly in order with the two or three issues as the case may be. And that is why I am very surprised at the \$5 million figure. There has got to be something there that is not meeting the eye at the moment. If you had three issues you could be talking of the order of \$2 million plus, \$2 million 2 or \$2 million 3, but you are talking \$5 million. The minister has left the Committee so I would presume he is looking for the information but I say to the Committee through you, Mr. Chairman, that there is something there, more than we have heard in Committee yet, for that \$5 million amount. Perhaps enough said until the minister returns to the Committee to give us the information.

MR. SIMMONS: To expedite, I might suggest if you want to call some of the Heads, well and good. We have a question on an item which is statutory anyway, so I would assume we can revert to it when the minister comes back into the Chamber, but if Mr. Chairman wants to call some of the non-statutory items to expedite, then we can -

MR. MARSHALL: I might say just for clarification -

MR. CHAIRMAN: (Butt) The hon. the President of the Council.

MR. MARSHALL: - Mr. Chairman, if I may, it is only the non-statutory, as I know the hon. member recognizes, that are called.

MR. SIMMONS: (Inaudible) by leave and go back and ask questions after.

MR. MARSHALL: Yes. Normally the others do not have to be voted but we want to give the fullest information possible to the Committee.

MR. SIMMONS: For the clarification of my good friend, the President of the Council, what I did say was exactly what he said, that I am suggesting that we call the only ones the Chairman has to call, namely, the non-statutory, if we can have the undertaking that when the minister returns to the Chamber we can ask questions on some of the statutory items we have skipped over. That is what I am saying in effect.

On motion, 105-03-05, carried.

On motion, 105-03-08, carried.

MR. CHAIRMAN: (Butt) The hon. the member for Burgeo - Bay d'Espoir.

MR. SIMMONS: Now, before we pass on to the Estimates for the next department, I would hope the minister is going to return momentarily to the House.

MR. MARSHALL: If the hon. member who is speaking would continue to speak for a couple of minutes, I will (Inaudible) go out and find out where the hon. minister is.

MR. SIMMONS: Let the record show, Mr. Chairman, that it is the first time the member for St. John's East (Mr. Marshall) ever wanted me to speak in this Chamber about anything. So we are into a new era of co-operation.

AN HON. MEMBER: (Inaudible) to say?

MR. SIMMONS: No, Mr. Speaker, there is an issue that I want to raise, but it would be pointless to raise it in the absence of the minister because I will want to repeat it again. Let us play it by ear until he comes in.

MR. ROBERTS: The Minister (Inaudible) apparently. Here he comes!

MR. CHAIRMAN: (Butt) The hon. the member for Burgeo - Bay d'Espoir.

MR. SIMMONS: I put a question to the minister about 103-04 and I assume he undertook to get the answer.

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

DR. J. COLLINS: Yes, Mr. Chairman, I am in the process of getting that brought up. The question asked referred to the 1978 - 1979 Budget, not the present Budget, and that information will be brought up as soon as possible.

MR. SIMMONS: Mr. Chairman, to expedite, could we just have the minister's undertaking, notwithstanding that the C.F.S. estimates will have passed Committee, that he will provide Committee with the information at the appropriate time? I would like also to ask a question in reference to 105-03-02, Government of Canada Pensions. If the minister would be good enough, first of all, to tell me what they are and secondly, I note from last year's Budget, the originally budgeted figures, that the government had budgeted \$110,000 for that item, of which apparently none was spent according to the revised item here, revised for 1978 - 1979, that is - two questions: What are these pensions? Who are they for? And why was an item budgeted last year and then subsequently, apparently not spent?

MR. CHAIRMAN: (Butt) The hon. the Minister of Finance.

DR. J. COLLINS: Mr. Chairman, the Government of Canada experienced some difficulties, some computer problems last year so that there were no payments recorded in 1978 - 1979, but we do anticipate that there will be some payments required in 1979 - 1980. This was not a problem from our side of things, it was from the federal side, and that is the explanation there.

DR. J. COLLINS: The other question was, To whom do they refer? Again, I do not have precise detail on that, but there were a number of civil servants -

MR. SIMMONS: (Inaudible). detail?

DR. J. COLLINS: Well, I mean, it depends upon how much detail the hon. member wants. Does he want names, addresses,

DR. COLLINS: families, grandmothers,
uncles, aunts or which; There were a number -

AN HON. MEMBER: (Inaudible)

DR. COLLINS: If the hon. -

MR. CHAIRMAN: (Butt) Order, please!

DR. COLLINS: If the hon. member, Mr. Chairman, will just allow me to say my piece and if he thinks it is not satisfactory I will be glad to amplify it. But there were a number of employees for which the Newfoundland government was responsible who were subsequently transferred to federal employee.

MR. ROBERTS: CBC and -

DR. COLLINS: And some of these. We have some continuing responsibility towards their pensions and we do get billed by the federal government for our responsibility, our part responsibility for these people. And as I have mentioned, we did not actually have any out-pay last year because of some computer difficulties at the federal level but that we do anticipate that this year these difficulties will be overcome and that we will be billed an estimated \$210,000.

On motion, Head 1, Consolidated Fund
Services without amendment, carried.

MR. CHAIRMAN: Shall 201-01 carry?

MR. NEARY: Mr. Chairman, this might be the
opportune time to raise the matter, Sir, of the -

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: - number of members that we
have here in the House of Assembly. I want to make my annual complaint
about the fact that I think there are too many members representing
too many districts in this House.

MR. DINN: On which side?

MR. NEARY: Mr. Chairman, fifty-two members are too many members for this Province, for this House. In the first place we cannot afford it and in the second place, Sir, it is a higher representation per capita than in any other province of Canada or probably any other place in the free world. There are too many members and it is too expensive to operate this House and I again, Sir, would like to suggest to the hon. born-again Premier that he reactivate the committee that was headed up by the late Judge Higgins to define the electoral boundaries in this Province -

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: - and that was Frankiemandered by the former Premier of this Province - and let us get back at it and let us be realistic this time and not just set up a committee and then tell them that they had to bring in five new seats. I think it was, five new ones. They had no choice. They could not reduce the number. They had to increase the number by nine.

MR. SIMMONS: Forty-two to fifty-one.

MR. NEARY: That is right, from forty-two to fifty-one. There was a dual riding at the time, Harbour Main, that had two members, so that were forty-two members. Then they set up the Electoral Boundary Commission which was supposed to be independent and they were not allowed to use their own discretion, they were told that the number of seats in the House had to be increased by nine and most of the nine, by the way, Sir, were in urban centers, mostly in the city of St. John's. And we can see the result of it today. We argued at that time that you could get a lopsided government in this Province that represented the urban centers and that is exactly what happened in the last election as a result of the gerrymandering that was done by the former Premier of this Province. You now have a government that represents, in the main, St. John's and the urban centers and you have an Opposition that represents the rural parts of the Province. The distribution of the seats is not equally divided on both

MR. NEARY: sides of the House. And that was one of the adverse effects of monkeying around with the Electoral Boundaries Commission. They should have been left alone. In their guidelines and in their terms of reference they should not have been told that they had to increase the number of members in this House by nine, that should have been left at their discretion. They may have decided, Mr. Chairman, to reduce the number of seats in this House which would be more in line with the population of the Province. Giving that extra seat to Labrador was a good move. Because we also argued that, Sir, if my hon. colleagues who sat in the House back in 1974, I think it was, before the 1975 election, we argued here night and day to give Labrador four seats in this House and finally the new Premier caved in before the last election, for political reasons more than anything else, because he could get a little political mileage out of it and gave the fourth seat to Labrador. Well, well and good but there are still too many.

MR. SIMMONS: He lost a seat.

MR. NEARY: He lost a seat. That is right. There are still too many.

PREMIER PECKFORD: Count them. Thirty-three and nineteen.

MR. NEARY: Thirty-three city slickers -

PREMIER PECKFORD: Thirty-three to nineteen.

MR. NEARY: Thirty-three city slickers, nineteen members representing the rural parts of the Province, representing the fishing communities of Newfoundland.

Mr. Chairman, the hon. gentleman is over there blowing his own horn, Sir. The hon. gentleman got himself surrounded by a group of city slickers, including the gentleman who sits to his right, the unofficial Premier. The hon. gentleman is only being manipulated by the hon. gentleman who sits to his right.

AN HON. MEMBER: Corner boys.

MR. NEARY: Yes, corner boys, There is the real Premier, The gentleman who sits to the hon. Premier's right is the real Premier of the Province.

MR. SIMMONS: Would the real Premier please stand up.

MR. NEARY: That is right. The Premier is surrounded by a group of townies.

MR. STIRLING: Four standing up behind him.

MR. NEARY: And, Mr. Speaker, that was one of the -

MR. SIMMONS: There he is. There he is. Look!
The real Premier is standing up.

MR. NEARY: The real Premier, as we will find out as time goes on, the real Premier is seated to the right of the hon. gentleman. That is the gentleman who calls the shots. And unless my hon. friend has the courage to stand up to the city slickers, then this will be a government that will be run by this, really and truly, by the martini crowd in St. John's East.

MR. YOUNG: The same old speech you had last year 'Steve'.

MR. NEARY: No, it is not the same old speech.

Mr. Speaker.

MR. YOUNG: The same old speech.

MR. SIMMONS: - commitment, that is all you got.

MR. NEARY: Diggin 'em Dillon is back in the House, Sir. I presume that bill the hon. gentleman announced today is for the benefit of the hon. member there, the mortuary bill.

MR. SIMMONS: The last fellow who will let you down.

MR. NEARY: That is right.

So, Mr. Speaker, I do not want to delay the proceedings of the Committee but I do want to strongly protest again, Sir, the number of seats we have in this House. I think it should be far less than what it is. Thirty-five or thirty-six seats in this hon. House is sufficient to govern this Province, with a Cabinet of about ten or a dozen ministers.

Having said that, Sir, I know at this point in time we still have three or four years to go before the next election. It will not become an issue. The hon. gentleman sits over there and talks about electoral reform, about bringing in a new bill covering election expenses and so forth. Well, I would say that the hon. gentleman should make this a part of the package and if the hon. gentleman is sincere about his electoral reform, then set up, reinstitute this commission and let them go at it and let them see if we need fifty-two seats in this House. I think thirty-five or thirty-six is sufficient to govern this Province and it would be far less expensive. We cannot afford it. We are over governed. There is too much regimentation. There are too many people sitting around doing nothing. There are too many people milking the Public Treasury by subsidizing their income, dropping in once in a while, picking up their cheques and then going downtown practicing law or whatever other profession they are in.

MR. YOUNG: You are talking about your former leader.

MR. NEARY:

I am talking about, Sir, anybody in that category, that is who I am talking about, immaterial of what side of the House they are on. They have their big law businesses, mostly downtown, and they just drop into the House, Sir, just to get sworn in, to qualify for their - to say, "Well, I can pick up my cheque now with a clear conscience," and then they are gone and you never see them again. And yet these are the first ones you hear advocating that if you want to get good people in public life in this Province you have to pay them \$30,000 or \$40,000 or \$50,000 a year.

AN HON. MEMBER:

Name them. Name them.

MR. NEARY: \$30,000 or \$40,000 or \$50,000 a year.

I am all for it providing that they make it a full-time occupation and cut their strings, give up the full-time jobs they have downtown in the law offices and in the other offices downtown. And this is only just enough to pay their income tax. The little cheque they pick up here, \$12,000 or \$13,000 or \$14,000, is just a subsidy.

AN HON. MEMBER: You made more last year.

MR. NEARY: Yes, I did, as a matter of fact.

That is right, I did, but I worked for it. I guarantee you, there is one thing you cannot accuse me of in this House, of not doing my homework. And I think if you are going to do a job in this House, Mr. Chairman, that you have to devote full time to it. I think politics - but not for fifty-two members - politics is a full-time occupation for thirty-five or thirty-six members, everybody working at it full time, doing a good job for their districts and for their Province. And I think that is the way it should be, Mr. Chairman. And it know it is too early in the game now - we are going to have to wait four or five years before a general election is called - but it will become an issue before the next election again, and we will see if we cannot persuade the hon. gentleman who now occupies the Premier's chair, see if we cannot persuade him that we were right, that when they did gerrymander the electoral boundaries in this Province that what you got then was a government that represented the Trans-Canada Highway and an Opposition that represented the rest of the Province, the rural areas. That is what you got as a result of the gerrymander.

MR. SIMMONS: Gerrydoodied.

MR. NEARY: Pardon?

MR. SIMMONS: It was Gerrydoodied. It was to cater to Garry and Doody, do you remember?

MR. NEARY: That is right.

So, anyway, I have said my little piece, Sir, and I am glad I said it. And next year I will repeat it again. And leading up to the election I will have another go at it, and I hope that the hon. gentleman somewhere along the line will soften up and see the merit

MR. NEARY: of my argument, that we have too many members in this House. There is need to set up a Royal Commission to look into the electoral boundaries. And that commission, if it is set up, should be completely independent, should not be dictated to by the government, they should be left on their own to make their own decisions, and maybe they would come to the conclusion that there are too many members in the House and that all we need are thirty-five or thirty-six good men and women to run this Province.

On motion, 201-01, carried.

On motion, 201-02-01 and 02-02, carried.

MR. CHAIRMAN: (Butt) Shall 201-02-03 carry?

MR. SIMMONS: Mr. Chairman.

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

MR. SIMMONS: Mr. Chairman, I would assume that the difference in amount for 201-02-03, Commonwealth Parliamentary Association, might have related to the duties which our former Speaker (Mr. Ottenheimer) had undertaken with an executive group of the Parliamentary Association. I am wondering what the status of that amount is now, whether that amount of money is needed there anymore? I am assuming that - perhaps I can get the eye of the former Speaker, the Minister of Justice. The incumbent Speaker, the present Speaker, I say to the Minister of Justice, does not automatically succeed to his position with C.P.A. Is that -

MR. OTTENHEIMER: Not automatically.

MR. SIMMONS: He does not automatically succeed.

MR. OTTENHEIMER: (Inaudible) resigned (inaudible).

he would not. It would be -

MR. SIMMONS: Oh, you are still in the position?

MR. OTTENHEIMER: All he would have to do is to be elected. If I resigned it would probably go to another province.

MR. SIMMONS: Your absencing the Speakership does not disqualify you. No, that is true. Of course not. Thank you, Mr. Chairman.

MR. SIMMONS: I am glad to hear that I say to
Minister of Justice (Dr. J. Collins).

MR. CHAIRMAN (MR. BUTT): The Minister of Finance.

DR. J. COLLINS: Mr. Chairman, perhaps I might give a further
amount of clarification on that. Each province is a member of
the Commonwealth Parliamentary Association, and each province has
a representative there, and that representative to the Parliamentary Associ-
ation itself is usually the Speaker. It almost always is the Speaker. I do
not know but it always is the Speaker. For all practical terms, it is.

MR. OTTENHEIMER: I refuse to comment.

DR. J. COLLINS: Now, the subscription fee for each province
is \$4,000. However, it was requested by the Commonwealth Parliamentary
Association that a once-and-for-all capital fund be set up, that
the various members of the Association contribute an amount
to a capital fund, and the interest from that capital fund would be
used to undertake certain desirable activities related to Parliamentary
functions throughout the Commonwealth in ensuing years. That fund
would always be there and only the interest would be used. And
the amount that this Province was asked to contribute to that capital
fund was \$5,400. So that is where the \$9,400 comes from. Our
usual subscription of \$4,000 plus a once-and-for-all capital fund
contribution of \$5,400.

MR. CHAIRMAN: Shall 201-03 carry?

MR. OTTENHEIMER: Mr. Chairman, if I may? Just briefly -

MR. CHAIRMAN: The hon. Minister of Justice.

MR. OTTENHEIMER: This is just in supplement to what the hon.
Minister of Finance (Dr. J. Collins) said. Yes, that additional
amount from \$3,900 to \$6,900 that is a one-shot deal. It was
requested at the Commonwealth Association, as the hon. minister
suggested, that a capital fund be set up so that the interest could
be used. The essential use of the interest will be in the underdeveloped
countries of the Commonwealth to help them in terms of setting up
Parliaments. For example, in a place like Nigeria there will

Mr. Ottenheimer: be about twenty state Parliaments within six or seven months, or at least it is assumed that there will be, and one federal one. And a number of the underdeveloped or less developed or developing, and in some ways perhaps more developed, that is a bit of a prejudicial term, but in certain of these countries of the Commonwealth that is what is intended. It is not for the wealthier countries.

MR. CHAIRMAN (BUTT): Shall 03 carry?

On motion 03 carried.

On motion 04 and 05 carried.

MR. CHAIRMAN: Shall 06 carry?

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

MR. SIMMONS: Mr. Chairman, I say to the Minister of Finance, in the absence of the Government House Leader, I would assume this is not a nominal item as such, because it is \$10,000, but it is an item put here without any particular intent on the part of government as to what committees it might be considering to appoint, have the House appoint this year. There is no particular reason is there why it is \$10,000 this as opposed to nothing last year? It is just a new provision of "the new administration" to make provision for all contingencies. Is that a fair assessment? Are there any particular select committees in the wings that we have not heard about?

MR. CHAIRMAN: The hon. Minister of Finance.

DR. J. COLLINS: Mr. Chairman, the hon. member is correct.

This is just a preliminary figure, and the amount that will actually be expended will be dependent on the discretion of the Cabinet as to how many committees will be formed. But this is a preliminary amount to get that Reading in place.

MR. BARRETT: A kitty.

MR. OTTENHEIMER: There was an amount there last year, whatever it was I do not recall, but since none of it was spent that is why it shows zero opposite. There was either \$5,000 or \$10,000 in there last year. It may have been \$10,000.

On motion, 06 carried.

MR. CHAIRMAN: Shall 202-01 carry?

MR. NEARY: Mr. Chairman.

MR. CHAIRMAN: The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, I want to have a few words here on the Department of the Auditor General, Sir. And I would like to ask the -

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: Order, please!

MR. NEARY: - gentleman if the government has it in mind to broaden the terms of reference of the Auditor General so that the Auditor General's Department can audit all accounts of not only the Newfoundland Government but of Crown corporations?

MR. S. NEARY:

We discovered, Mr. Chairman, during the linerboard controversy, all the scandals involved with Labrador Linerboard, that the Auditor General was never called in, the services of the Auditor General were never availed of to audit - indeed the Auditor General was not allowed to audit the accounts of Labrador Linerboard. Not allowed! Even though the auditors, the independent auditors who told the government and told this House that it was impossible for them to audit the accounts of Labrador Linerboard because of insufficient information that was given to them by the ministers involved, that the Auditor General was not even asked to look over the audited report of Peat, Marwick and Mitchell. They were not allowed to do it. The government just accepted the fact that Peat, Marwick could not audit the accounts of Labrador Linerboard and let it go at that and would not even give the members of the House of Assembly the audited reports until Abitibi came in to take over Labrador Linerboard. That is the first time we saw the audited reports of Labrador Linerboard in this hon. House. It was the first time! And if we did not have a new Premier we might not have even seen them then. They were buried down in the Department of Finance. And I wrote the Minister of Finance (Dr. Collins) the other day and asked the hon. gentleman to send me copies of the reports. I have not received the copies yet. I presume the hon. gentleman is going to let me have the audited reports that were done by Peat, Marwick. But I would like to see the Auditor General's department, Sir, allowed to go into every Crown corporation. Why should they not? The Auditor General is completely independent of politics, completely independent of everybody, the Auditor General is beholding to nobody, answers to nobody but this hon. House. And that is why I think the Auditor General should be given the power and the authority to audit all the accounts of government agencies, Crown corporations and the like. If the Auditor General did that the government might not run into some of the problems that they have run into with these Crown corporations, especially the Labrador Linerboard one.

MR. S. NEARY: Every year we have a report submitted to this House by the Auditor General and in the main that is where a lot of the information comes from that is 'looked into by the Public Accounts Committee. And we will get another Auditor General's report again this year that will show all kinds of discrepancies and criticism of government, and government proceddres. But I also believe, Mr. Chairman, and I believe they do it in Ottawa now, that the Auditor General should also be allowed to comment upon whether or not the expenditure made by government is wise, in many instances, or whether or not it merely constituted extravagance and waste on the part of the administration. I notice the Auditor General of Canada is doing that now and I believe we should. If the Auditor General here in this Province does not have the authority I think we should give him the authority to say whether or not - I think everybody in this House will remember the example of the Bonaventure, the spending on refurbishing the Bonaventure there a few years ago and the criticism of the Auditor General on that particular project.

Well, there are all kinds of instances in this Province, Mr. Chairman, where we would welcome an opinion from the Auditor General of whether or not a government programme was a good programme or a bad programme, whether or not the money was wisely spent or whether it was flung away. And I believe the Auditor General should have this kind of authority and this kind of power. Granted, Sir, having said that, I realize that the Auditor General's staff and his department are not big enough at the present time to handle that job. If we allowed and gave the Auditor General the power to audit the accounts of Crown corporations and government agencies, no doubt we would have to give the Auditor General more staff. Well, I say to that, 'So what?' If you are getting an honest decent job done and you are bringing out the truth and

MR. S. NEARY:

bringing out the facts for the taxpayers

of this Province. well, why not do it? That is the only way we are going to get straight, honest, forward information in this House is have the Auditor-General give it to us. The Auditor-General, I believe, is the only independant servant of this House. No, there is another one - the Ombudsman. We have two people who are completely independant of politics who are servants of this House, there is the provincial Ombudsman and the Auditor-General. And I would like to see the Auditor General given more power and I would like for the hon. Minister of Finance (Dr. J. Collins) to comment on that because I believe, Sir, that we would get a better job done. Crown corporations and companies like Labrador Linerboard can slough off, brush aside independant accountants like Labrador Linerboard did with Feat, Marwick. They said, "Okay, that is fine. You have done your job. You have carried out the audit in accordance with generally accepted principles and procedures even though you said you did not have sufficient information to do a proper audit. That is fine. Here is your money. Here is your pay cheque. You are on your way. Good-bye and so long. When we need you again we will send for you." And that is what happened. And that is what is happening in a good many Crown corporations and agencies. And we can not do anything about it in this House even though we set up - they are creatures of this House - the Crown corporations and the agencies. And the Auditor-General is not allowed to get at the accounts, to get at the root of their revenue and expenditure. We set them up, they go out and get independant audits done, bring their annual reports into the House and we rubber stamp them. How crazy is the system, Mr. Chairman? It is absolutely crazy. And we should hang our heads in shame for allowing that procedure to exist as long as it has. And we saw what happened in the case of Labrador Linerboard. God only knows, Mr. Chairman. We hear of all the extravagance and waste in Newfoundland Hydro that are now back

MR. S. NEARY: Looking for another sixteen or seventeen per cent increase. We can not get at them. We have never had a proper accounting of the revenue and expenditure of Newfoundland Hydro in this House. I would like to parade the officials in here on the floor of this House so we could cross-examine them. And if we can not -

AN HON. MEMBER: We get the annual report.

MR. S. NEARY: Oh, we get the annual report, I said that. A little rubber stamp that is all we put on it, a rubber stamp.

All of these annual reports that come in here, the hon. gentleman knows, are all cut and dried. And all the members have to do is just - they are are passed out, the hon. gentleman will stand in his place, now in due course, with a nice coloured book, a book with a nice coloured cover on it showing, probably, on the inside a picture of the president of Newfoundland Hydro, probably in colour, and a picture of the minister with his nice curly hair.

AN HON. MEMBER: A nice picture.

MR. S. NEARY: A nice picture of the little gentleman.

I was going to say, Mr. Chairman - we have got the new style now,

SOME HON. MEMBERS: Oh, oh!

MR. S. NEARY: - I am not allowed to refer to the gentleman as the little professor, a new style in the House now, Sir, and I tell you it is a job to restrain yourself sometimes. But, Mr. Chairman, I will not break the rules as the hon. gentleman did the other day, started by the hon. gentleman from St. John's North (Mr. J. Carter). When I brought in a resolution, Mr. Chairman, to set up a Fair Prices Review Council to protect the consumers against price gouging in this Province by the monopolistic capitalists, the hon. gentleman from St. John's North accused me of being a communist.

SOME HON. MEMBERS: Oh, oh!

MR. CHAIRMAN: (Butt) Order, please! I would like to remind the hon. member for LaPoile (Mr. S. Neary) that he has one minute left.

MR. S. NEARY: My God, there are the new rules again, Sir.

SOME HON. MEMBERS: Oh, oh!

MR. S. NEARY: However, Sir, I think I have made the point. I have made the point and I saw the Minister of Justice (Mr. G. Ottenheimer) sort of nodding his approval and I saw the hon. the Premier paying strict attention to what I was saying. They are getting away with too much in these Crown corporations and government agencies, getting away with too much and there is too much covered up and there is too much extravagance and waste and it is time that we let the Auditor-General loose and his staff and let them get into the books and the records of these Crown corporations and Crown agencies so that we can get a proper audit done and a proper accounting made to this hon. House.

MR. CHAIRMAN: Shall I carry?
Oh! The hon. member from Baie Verte -
White Bay.

MR. T. RIDEOUT: Mr. Chairman, I wonder if the minister wishes to respond to my colleague before we go into

MR. RIDEOUT: - something else or does he want to handle them two or three at a time?

AN HON. MEMBER: (Inaudible)

MR. RIDEOUT: Bounce them off his chest.

Anyway, Mr. Chairman, I notice in 202 under the head of the Auditor General, that one of the responsibilities of the Auditor General's Department is municipalities, municipal councils, and I want to say a word or two to whatever minister - I know the Auditor General answers to the House - but I want to say a word or two to the minister responsible for this particular part of the estimates and say to him that as far as I am concerned on what I can learn in dealing with the municipalities in my particular district, that the Auditor General for no reason other than he does not have the staff to do it, cannot do a proper audit of practically any of the municipalities in this Province, and I know that there are dozens of municipalities in my riding that have not been audited by anybody from the Auditor General's Department for the last five, six, seven or ten years, in some cases. Now, thank God that in most cases, in all cases that I know of, we have representatives of the people in charge of those municipalities who are honest, who are doing the books properly and consequently nothing has gone astray, but, I do not think we ought to leave that kind of thing to stay as it is. I think that the Auditor General is either going to be provided, Mr. Chairman, with the staff to do a proper audit of every municipality in this Province, maybe not every year but certainly within the term of the particular council, in four years, for example in the -

AN HON. MEMBER: It is required annually.

MR. RIDEOUT: I know it is required annually according to law, but I can tell this Committee that there have been dozens of communities in my district and they have told me, when I have asked them, that they have never seen an auditor from the -

AN HON. MEMBER: (Inaudible)

MR. RIDEOUT: - yes, in a second - that they have never seen an auditor from the Auditor General's Department in years and fortunately those communities are going along okay. Fortunately, the books are okay because there are honest people doing that job. And I do not think it is proper, Mr. Chairman, for new councils being elected every four years, or every two years as in the case of community councils. I do not think it is proper for those people to have to come in and take responsibility for a set of books that have never, in four or five or six or seven years, been audited. So, it is one thing or the other. It is either provide the Auditor General's Department with the sufficient staff so that that can be done properly or, especially in the case of small councils, provide the community council with sufficient funds so that an auditing firm can be hired. The larger councils, I am aware, the larger towns may have the financial capability of hiring an auditing firm and having that done on their own, but certainly the small municipalities, the small community councils, just do not have the two or three thousand dollars, whatever it takes, to engage an auditing firm. Many of them, as I am sure Your Honour is aware, operate on budgets of ten or twelve or fifteen thousand dollars a year, so they do not have those kinds of funds, the Auditor General does not have the staff and, consequently, the auditing never gets done, and if it does get done, it is sort of in a cursory manner and it is never an indepth audit of the books. So, I would hope that the minister responsible for that particular department would take my, I would hope it is constructive criticism as advice and provide some avenue for the councils in that regard.

MR. WINDSOR: Mr. Chairman.

MR. CHAIRMAN: (Mr. Butt) The hon. minister.

MR. WINDSOR: If I may just respond to that last statement, not only will I take the hon. member's advice, it is good advice but he is a little too late. We have already put in place a mechanism whereby this year, working very closely in co-operation with the Auditor General, I might say, whereby he has now identified to us the municipalities that he will be able to audit this year with his staff.

MR. WINDSOR:

He has given us a list of the ones that he will be doing and it is not just going here, there and everywhere. It is being done on a regional basis so that he will take an area and he will do all the municipalities in that area, and he will go over here and do another area, and the Northern Peninsula perhaps and do another area and so forth. The remainder of the municipalities will be done by private auditing firms with the exception of very, very small communities where I do have the authority to waive an audit in a particular year, provided, however, that I must have one of my tax people or, sorry, one of my finance advisors from the Department of Municipal Affairs and Housing go in there and do a thorough investigation of the books. So, the hon. gentleman is right; in the past there have been municipalities that have not had adequate auditing services. We have been concerned about it and I think this new program will take care of it. However, the cost will have to be borne by the municipalities and, in fact, the Auditor General will be revising his rates to reflect the cost to him rather than as previously. It was a nominal fee, but now he will be charging basically on a cost recovery basis. What it costs him to do the audit, he will charge back to the municipality. And, of course, on the terms of the private auditors, they will charge

MR. N. WINDSOR: charge their normal auditing fees. But basically, every municipality that needs an audit will be done.

MR. STIRLING: Mr. Chairman.

MR. CHAIRMAN: (Butt) The hon. the member for Bonavista North.

MR. STIRLING: Emanating from that question, I take it that is the item that appears in 202-20 where it shows an increase in audit fees of \$320,000 from \$34,000, which is about a tenfold increase. Does that indicate that that is coming from the municipalities? Maybe the Minister of Finance can answer that.

MR. N. WINDSOR: I am not sure that that item refers to municipal audit fees, no.

MR. RIDEOUT: You are not sure (inaudible).

MR. N. WINDSOR: I do not think so.

MR. CHAIRMAN: (Butt) The hon. the Minister of Finance.

DR. J. COLLINS: Mr. Chairman, it does, in fact, refer to that. The note I have here from the Auditor General - the Auditor General, as hon. members know, is answerable to this House, he is not answerable to any minister. But he has supplied us with some information for the benefit of hon. members and the information given in regard to that, which is 202-20-01, is to put the audit fees on a more competitive basis with local chartered accounting firms. The Auditor General is aligning his audit fees to all municipalities on a cost recovery basis to cover all direct costs connected with such audits, and as the subhead there says, this is estimated to come to \$320,000.

MR. CHAIRMAN: The hon. the member for Bonavista North.

MR. STIRLING: Thank you, Mr. Chairman. My colleague has just given me some helpful information and suggests if we are in general debate we do it on the main subhead and wait until I get down there to ask specific questions. And I would like to go back to that then in the general debate.

Now that I have this information, obviously municipalities last year should not pay back all the things we have referred to earlier, things that we thought they were going to be able

MR. STIRLING:

to pay, you now expect to get paid from municipalities. A question I should ask is really a two fold question. Have municipalities been told that they are now going to have to pay competitive audit fees, one. And, secondly, will they be given grants to offset that? Will we find that somewhere else in the budget we have to municipalities an extra \$300,000 to look after those unanticipated costs?

MR. CHAIRMAN (BUTT): The hon. Minister of Municipal Affairs and Housing.

MR. N. WINDSOR: Mr. Chairman, we have suddenly jumped, I think, to the Department of Municipal Affairs and Housing but it is a valid question. The answer is, as I understand it, no there will not be any grants made available but they are well aware of this. The Federation of Mayors and Municipalities have been involved in this and, in fact, are welcoming it because they have also expressed concerns that the hon. gentleman for Baie Verte (Mr. Rideout) expressed, that municipalities have not been given proper audits and they are totally in support of this new programme.

MR. CHAIRMAN (BUTT): The hon. member for Windsor-Suchans.

MR. FLIGHT: Mr. Chairman, this comment is directed to the Minister of Finance (Dr. Collins). If I understood him right in answering one of my colleague's questions, he indicated that the Auditor General is going to charge municipalities based on the competitive rates by the other auditing companies in the Province and I think of Doane and others.

AN HON. MEMBER: (Inaudible).

MR. FLIGHT: Well that is what I understood.

MR. N. WINDSOR: Cost recovery basis.

MR. FLIGHT: The minister indicated and the record will show that he did use the words 'cost recovery basis' but he also indicated that the Auditor General's department would be charging rates that would be comparable to the private accounting and auditing firms in this Province. Well, okay, for a point of clarification to the minister, is my interpretation of what he said fact, that the

MR. FLIGHT:

rates charged by the Auditor General to municipalities will be competitive with the rates being charged by the private accounting firms in the Province.

MR. CHAIRMAN (BUTT): The hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, actually I am quoting the report, or the information given to us by the Auditor General himself so I can do no more than that. He did not say competitive, he said more competitive basis. I think that the interpretation would be that the fees would go more towards what is generally in effect. But I do not know if they would be identical with it. The words used were 'more competitive'.

MR. FLIGHT: Mr. Chairman, there is an obvious comment to that. As the Minister of Municipal Affairs (Mr. N. Windsor) indicated, that up to this point in time in lots of the

MR. FLIGHT:

smaller communities who probably could not afford an audit in the first place, if they were forced into a private audit they could not have afforded it, there was a nominal fee charged by the Auditor General to do their books. Whether they wanted them done or not the auditors walked in did the books and they received a bill for twenty or thirty or fifty dollars, whatever the nominal fee. And one of the ramifications here, as far as I am concerned, is that we are heading towards forcing the municipalities. If the Auditor General is going to charge them rates comparable to the private auditors in this Province, why should the municipalities not go to the private auditing outfits and say, You do our books and the Auditor General will not do them. So we are creating a bit of a gold mine here for the private auditors in the Province, because the minute the Auditor General's charges and rates get competitive with the private operators, with the private accounting firms then the municipalities, for no other reason than that, why would they bother with the Auditor General's department? This is going to cost the Department of Municipal Affairs or the town councils monies they cannot afford, Mr. Chairman, and, of course, at the same time it is going to enrich the coffers of the private auditing people. I think it is a step in the wrong direction, totally.

MR. N. WINDSOR: Mr. Chairman, if I could speak for a minute.

MR. CHAIRMAN (BUTT): The hon. Minister of Municipal Affairs and Housing.

MR. N. WINDSOR: What the hon. Minister of Finance (Dr. Collins) said was that the Auditor General was realigning his rates to bring them more in line. He is not competing with and he will still be below the private auditing firms. There are a number of municipalities in this Province who have been, for a number of years, getting private auditors, particularly the larger municipalities, have been paying private auditors to do their audits for them because they give a much more thorough sort of audit. They give other information, back-up information, that the Auditor General will not provide to the municipalities, very useful information and statistical information that they can use that the Auditor General would not provide in doing

MR. N. WINDSOR:

just a straightforward audit. So there are advantages to having a private audit firm come in and do a very thorough examination of the books and give advice on the whole accounting and financial system that the municipality has in place. So a number of municipalities have been paying for it all along.

If we say now that, all right, all municipalities must be audited and the Auditor General will do some at a nominal fee and the rest of them would be done by private auditors, you can see the discrepancy now between a municipality that is being done by a private auditor and one that is being done by the Auditor General. So how do you determine which one will be done at a very low rate and which one will be done at the normal auditing rate? So in fairness to both we have tried to balance it out and also to, of course, aid the Auditor General in increasing his staff and to bring more revenue in there. We have brought that in so that he can—or the Auditor General has increased his rates so that there is a cost recovery there but only a cost recovery, just what it actually costs him for his people to go out there and related expenses, not to compete in any way with private auditing firms. He will still be well below the cost of a private audit.

MR. CHAIRMAN (BUTT): The hon. member for Windsor-Buchans.

MR. FLIGHT: I have a comment, Mr. Chairman. Maybe it is the mistrust, I suppose, in me of some of the public auditing firms or various firms operating in this Province. Mr. Chairman, we have seen government this past four or five years withdraw services that the general public in this Province had taken for granted. And the way they withdrew them was not a deliberate withdrawal as such and no more service but they brought their rates that they were charging the various sectors of the public into line with the public firms who were rendering the same services and it was a sure way of making sure that some of those companies had access to government money, Mr. Chairman. Because if a municipality in Newfoundland owes an accounting firm x number of dollars, one way or the other the minister is going to see that he gets it. Either they are going to insist that the town raise the

MR. N. WINDSOR:

money by taxation or the minister is going to make a grant. And either way what is going to happen, Mr. Chairman, is that the local auditing firms in this Province are going to end up with ten times more business next year from the municipalities than they had last year. And I think it is a step in the wrong direction and, Mr. Chairman, I do not think that the Auditor General should be permitted by this House to bring the rates that he is going to charge the municipalities in line with the private companies operating in this Province because it is a sure way for the Auditor General, like we have seen in other government departments, Mr. Chairman, a sure way for the Auditor General to get out of any responsibility for auditing municipalities in this Province and it is a sure way to guarantee tripling the business of the private accounting firms. Mr. Chairman, if you could take it far enough, there may be vested interests involved here too. So I do not think the Auditor General should be permitted to bring his charges or services that he renders, which this Province is paying for anyway, should bring them in line with the private operators. The greatest benefactor here will be the private operators and not the Auditor General's Department or Municipal Affairs.

MR. CHAIRMAN (BUTT) The hon. the minister.

MR. N. WINDSOR: We could beat this back and forth all day I suppose. The hon. gentleman should make up his mind. The hon. member for Baie Verte - White Bay (Mr. Rideout) is saying that all the municipalities should be out of it, the hon. gentleman for Windsor - Buchans (Mr. Flight) is complaining now because private auditing firms are going to get business. Of course they are. But if you are going to do the audits you have to have the auditors to do it and whether it is done by private firms or the Auditor General it is still going to make business for auditors. It is as simple as that.

MR. STAGG: They are all Newfoundlanders.

MR. CHAIRMAN (BUTT): The hon. member for Baie Verte - White Bay.

MR. T. RIDEOUT: Mr. Chairman, this is a very important Head when it comes to a number of small communities in this Province and it is unfortunate that the jurisdiction, I suppose, is sort of divided here between the Minister of Finance (Dr. Collins) and the Minister of Municipal Affairs (Mr. Windsor) who obviously has an interest in what we are talking about here since we are talking about the auditing of municipalities. But this is a very important Head and I want to make sure that any lingering questions about this Head are cleared up before we give our assent to it.

Now I want to say a couple of things to the Minister of Municipal Affairs. I am all for the auditing of every municipality in this Province I think it ought to be done. I think it ought to be statutory and mandatory that it be done. Now, having said that let me go on and say that I am very concerned about the proposed way that this audit is about to be done under the new arrangements that the minister enunciated a few minutes ago. Larger municipalities, no doubt some of them having been doing it for years, can afford to pay whatever the going rate by private auditing firms in this

MR. T. RIDEOUT: Province is, maybe a couple of thousand dollars for an indepth study. I do not think that is unreasonable. That figure, my colleague tells me is what they have been paying in Burin over the last number of years. So there are, obviously, councils who can afford to pay that kind of figure. One comes to mind, for example, the community of Ming's Bight. Its total budget I believe, for last year was something like \$16,000. Now, if that community has to have sloughed off that \$16,000, \$2,000 for auditing fees then I am sure every member of this House and the hon. minister most of all, will be able to understand that it is less garbage collection or it is less street lights or it is less something.

What I am concerned about is the small municipality, not the larger ones, they can obviously afford to pay for it, but the small community council. The community council on the coast of Labrador, for example, that would obviously have to have and ought to have, the audit done would be hit with heavy transportation costs even from the Auditor General's department. So what I am saying to the minister is that I agree four square with having it done but we have to tread awful carefully and make sure that the smaller communities will not have, because of the fact they have to pay this heavy auditing bill, to decrease the services, and in many cases the fundamental basic services that they are only now rudimentary fashion offering to their people. That is the concern I have. I am all for the programme and I am all for the communities paying where they can afford to pay but smaller rural, especially isolated communities, could be into a bind here yet they deserve as of right to have those books audited and they should. So that is the quandary that I see and I again address those concerns to the minister out of genuine concern.

SOME HON. MEMBERS:

Hear, hear!

MR. CHAIRMAN: (Butt)

The hon. the minister.

MR. N. WINDSOR:

Just to reply very briefly again to that. The hon. gentleman's point is quite valid when he talks about transportation costs in particular areas. And this is precisely why, in co-operation with the Auditor General, we have identified regions so that, for instance, and let us use Coastal Labrador just as an example, that an auditor could go out there to Coastal Labrador and do four or five small communities along the coast but it would never be practical for an auditor to leave Corner Brook for St. John's or wherever his head office is to go to that one coastal community in Labrador. The cost of his audit would be more than the whole budget for the municipality for the year.

The other point I would make is that if a municipality is in such desperate financial position that they cannot afford the cost of auditing their books, then I suggest they are in pretty bad shape that we had better have a look at whether or not they should be incorporated. But on the other side, we have also advised them in that audits would be done this year, that if there is a great hardship there, if they obviously cannot afford it, particularly this year since it is the first year, they have not had a chance to really balance their whole financial position and to gear it up to putting this extra money in there to pay for the audits, that we would have a look at it and in special cases, if they can show us very clearly that this cost of an audit is an undue burden, then we could perhaps make some assistance available by way of a special grant or whatever but that would be in exceptional circumstance. I do not want to leave the impression that we have a fund available that we will pay part of the costs of these audits or all of the cost. But in exceptional circumstances, perhaps Ming's Bie is an example, we could look at it.

MR. CHAIRMAN:

The hon. member for Bonavista North.

July 24, 1979

Tape No. 257

DW - 4

MR. L. STIRLING:

Again this may be out of order, Mr. Chairman, but in keeping with the spirit that the Premier mentioned in setting up the committees, I wonder if it would be in order

MR. STIRLING: since this is the first time that we, certainly on this side of the House, became aware of the Auditor General's intention to charge fees that, whether they are competitive or not, anticipate approximately ten times the income of last year, I wonder if the Premier would not consider that in keeping with the spirit, I think indicated by both sides, that audits should be done for the protection of the members of municipalities as much as anybody else, that audits should be done, but whether or not we should not ask the Premier to consider as part of this fresh look at everything whether or not this is not honestly something which the Province should consider as an expense to be borne by the Province and all the people of Newfoundland, that regardless of how the audits are done or what fees are charged that they should not be a charge against the municipality, they should be a charge, in this new fresh look, a charge borne by the Province of Newfoundland and that the Auditor General be reimbursed from another section rather than attempt to charge it back to these municipalities that cannot afford it. I think we are all in agreement with that if you could consider that kind of concept.

MR. CHAIRMAN: (Mr. Butt) The hon. member for Windsor-Suchans.

MR. FLIGHT: Mr. Chairman, I would like to ask the Minister - obviously the Minister of Municipal Affairs and Housing (Mr. Windsor) is answering most of the questions on this particular Head, but when the decision was made as to what towns would be the responsibility of the - of what sections of the Province would be the responsibility of the Auditor General and which sections would be the responsibility of or be turned over to private, commercial auditing firms, did the minister have any input into that or did the Auditor General have to make the recommendation on which this particular advice was based?

MR. CHAIRMAN: The hon. the minister.

MR. WINDSOR: No, Mr. Chairman, I had no input whatsoever other than I do have to authorize the municipality to hire a particular auditing firm and the recommendations came from the Auditor General, then I put my signature and have gone to municipality saying such and such

MR. WINDSOR: an auditing firm has been approved, you know, that you have approval to hire this firm to do your audit. I had no input whatsoever, it was totally done by the Auditor General and submitted to my staff and my deputy minister.

MR. CHAIRMAN: (Mr. Butt) The hon. member for Eagle River.

MR. HISCOCK: Mr. Chairman, I would like to ask a question on that. I am rather concerned that you said if the auditor or a company had to go to coastal Labrador it would go not from Corner Brook or St. John's to visit one area but four or five. Then again, if the charter of an airplane comes in or a charter for a boat comes in, the people down North as always are being penalized because of transportation, whereas St. Thomas or Paradise or some other area is not, and I believe very, very strongly that this is where the government should be coming in and picking up this. And better again, I would like to make the recommendation for all smaller communities, maybe with a budget of \$15,000 or \$16,000, that the government would look after the auditing themselves instead of turning around and giving it a competitive basis.

MR. CHAIRMAN: The hon. the minister.

MR. WINDSOR: Mr. Chairman, to just respond. The hon. gentleman's point is very valid. In the case of many of these coastal Labrador communities, you will find that they are, as he said, very small communities. It is very likely that I would use the option of waiving audits in those particular cases, in which case a financial person from the Department of Municipal Affairs and Housing would go in and examine the books, and this is the purpose for which we have recently or are in the process of establishing a regional office for Labrador so we would have a person situated in Happy Valley-Goose Bay that can look after Labrador only.

SOME HON. MEMBERS: Hear, hear!

MR. CHAIRMAN: Hon. member for Baie Verte-White Bay.

MR. RIDEOUT:

Mr. Chairman, I just have one final question on this, and that is I understood the minister to say a few minutes ago that obviously as part of his ministerial duties he has the right and must approve an auditing firm. What I am concerned about is, you know, that municipalities also have the right to shop around to the various auditing firms and look for the best price they can get, that they not be particularly tied down to - I will not use any names - any one firm who, because they would have a monopoly situation, then would be in a position to charge higher prices than the municipality can get elsewhere. There are plenty of excellent, reputable auditing firms around and I would assume that what the minister means is

MR. RIDEOUT:

that the councils in question could shop around, the one of their choice would be recommended to the minister and he would sort of automatically, if it is a reputable firm at all, approve that recommendation. Am I understanding the minister correctly?

MR. CHAIRMAN (BUTT): The hon. Minister of Municipal Affairs and Housing.

MR. N. WINDSOR: Yes, Mr. Chairman, within certain restrictions as we talked about with transportation. It would be pointless to appoint one auditing firm to go to a particular region to do five municipalities and one other municipality right in between those municipalities request a different auditing firm. In that case we would suggest to the municipality that put in the request that, look this auditor is going to do these five or six municipalities, do you have any strong objections against it? You know we co-operate with our municipalities. We have had the requests come in for a particular firm and as far as I know they have all been honoured. I have not been involved in it directly as I said. I have been basically just rubber stamping the work that has been done between my officials and the municipalities.

MR. CHAIRMAN (BUTT): The hon. member for Baie Verte-White Bay.

MR. RIDEOUT: All of us, I am sure, want to thank the minister for his detailed explanations that he has given us.

MR. CHAIRMAN (BUTT): The hon. member for Bonavista North.

MR. STIRLING: Do they now have the question answered then? Would the minister or the Premier, I asked specifically, consider a change of policy or an adjustment in policy whereby as part of a concept we agree that audits should be done but that it should not be a charge against the smaller municipalities, it should be a charge against the Province.

MR. CHAIRMAN (BUTT): The hon. the minister.

MR. N. WINDSOR: Mr. Chairman, we are always considering any option that is open to us to assist municipalities but I think it is time that municipalities bear some of the cost of operating. I think

MR. N. WINDSOR:

you will find that the amount of subsidies given municipalities is quite generous and there comes a point in time where you just have to say that you have to accept some of the burden of administering your own municipality. We have various revenue grant systems, road maintenance grant systems, snow remover grants and so forth, recreation grants, any number of other special grants and capital works grants and there comes a point in time where you just have to say, well we will have to stop and consider this but we will consider it.

MR. CHAIRMAN (BUTT): The hon. member for Bonavista North.

MR. STIRLING: I take it that is the same answer the Premier was about to give when he was getting up.

MR. CHAIRMAN: The hon. the Premier.

PREMIER PECKFORD: Mr. Chairman, I wanted to indicate to the House seeing as the hon. member for Bonavista North wanted to pursue the point, that that is the policy at the present time and I do not think there is any intent to change. I think the hon. the minister has just covered the whole waterfront on that one. Government is really involved in major capital expenditures in most municipalities both on water and sewer subsidies and all the way down on various grant programmes. And administrative costs like this, I think, we feel should be absorbed by the municipality.

MR. CHAIRMAN: The hon. member for Bonavista North.

MR. STIRLING: Mr. Chairman, dealing then with the general question - and I do again appreciate the patience and the order - since this is the Auditor General's report or the Auditor General's expenditure and it indicates - I think the Minister of Municipal Affairs (Mr. N. Windsor) indicated it was not his recommendation but the Auditor General who increased the fees, is it possible that we can have the Auditor General here maybe not this year but in future years, to answer such questions as brought up by the member for LaPoile (Mr. Neary) in which he indicated he was not quite sure, maybe the Auditor General could reassure us, since he answers to the House that this, in fact, is his budget and he is satisfied that he can do all the things with the budget

MR. STIRLING:

that has been given him. And maybe for purposes of the discussion today could we have some assurance maybe from the Minister of Finance (Dr. Collins) that this estimate of expenditure is the Auditor General's estimate and it has not been substantially cut from what he requested.

MR. CHAIRMAN (BUTT): The hon. the President of the Council.

MR. MARSHALL: Mr. Chairman, for the information of the hon. member, and the information of committee, when estimates are passed through the House it is not the custom, indeed it is not in accordance with the rules to have witnesses in. The principle behind it is that a minister is responsible for his estimates which we call as the hon. member will know, ministerial responsibility. There will be, again for the information of the hon. member, adequate opportunity to question the Auditor General in the Public Accounts Committee when he appears and these questions can then be put before him. But when we come to Committee of Supply, whether it be Committee of the Whole or the committees that we will be getting into within the next few days, it is specifically provided that there are no witnesses called and that is for a very real reason, that the minister of the department concerned has to bear the responsibility and answer both for himself and for the individuals under his supervision.

PREMIER BECKFORD: But the Public Accounts Committee will give the hon. member the opportunity to -

On motion, 01, carried.

On motion, 02-01 and 02, carried.

MR. CHAIRMAN: (Butt)

Shall 03 carry?

MR. T. RIDEOUT:

Mr. Chairman, I was wondering if the minister would quickly tell us what the consulting services are anticipated to be there for the Auditor-General. I do not believe there was any provision for that particular sum last year and if he could just quickly tell us what it is all about?

MR. CHAIRMAN:

The hon. Minister of Finance.

DR. J. COLLINS:

Mr. Chairman, that is legal expenses. I am not certain, I have a note on that here but I do recall - yes I do - 202-02-03. The provision is a nominal amount so that the Auditor-General may have authority under legislative appropriation to engage independant legal counsel or other professional counsel.

MR. T. RIDEOUT:

Very good, Sir, thank you.

On motion, 03 carried.

On motion, 202-02-04 and 08, carried.

MR. CHAIRMAN:

Shall 202-03 carry?

MR. T. RIDEOUT:

Mr. Chairman, I wonder if the minister could tell me whether or not Newfoundland and Labrador is hosting that conference this year?

DR. COLLINS:

Yes, this, I believe, is the first time that this conference will be hosted here, this year.

MR. R. RIDEOUT:

In Corner Brook?

DR. COLLINS:

In Corner Brook.

On motion, 202-03 carried.

MR. CHAIRMAN: Shall 203-01 carry? The hon. member for Port au Port.

MR. HODDER:

I just want to say a few words about the Ombudsman's office. I feel, Mr. Chairman, that the office itself is not properly doing the job for which it is designed. I feel that across the Province there is no public perception of an Ombudsman and that in many of the rural areas, particularly, that the general

MR. HODDER: person, an ordinary, we will say, constituent of the Province is not aware that that particular option is open to him if he has not gotten fair play by the provincial government or by a government agency, and I feel that perhaps this is partly because we never very often hear anything about the Ombudsman. And when I look at the report that is tabled in this House each year of the duties and the responsibilities of the Ombudsman and the cases that he has covered each year, I would venture to say, Mr. Chairman, that very often the whole list of them put together is probably not - you know, and no exaggeration at all - there is probably not as much work as an M.H.A. who has a district which - you know, some districts have more problems and related problems that come to their member - that a member in this House of Assembly probably does more in a month than the Ombudsman does in a whole year. I have read two of those reports very carefully. The other question is that when we get to it and when the minister responds, I would like to know as well how many people work in the Ombudsman's office. Is it just the Ombudsman? Is that his total salary or does that cover a number of people and how many people there are to assist him, and what sort of a staff he has, because I feel either that the Ombudsman should be either abolished or - at the same time - time -

MR. RIDEOUT: Two other people besides himself.

MR. HODDER: - two other people besides himself? - or at the same time then, you know, I feel that there is a need in every province for a provincial Ombudsman, but in this particular case it is almost as if he did not exist and I feel that we either do away with the provincial Ombudsman or else we make him an effective character whom people in this Province who have problems with government can go to and get some help.

MR. CHAIRMAN: (Mr. Butt)

The hon. the minister.

DR. COLLINS:

Mr. Chairman, I do not know if

this has been discussed in any great detail prior to this, but certainly the hon. member has the right to hold that opinion. All one can say is that the report that does come in from the Parliamentary Commissioner, the Ombudsman, is quite a lengthy report

DR. COLLINS: and clearly some of the cases that are covered - the items, the issues in those cases are of great concern to those individuals because the Ombudsman will only take on a particular issue if it has gone through the usual drill. If the complainant has exhausted all other avenues for investigation and for righting of any wrong that might be perceived, after all that is gone through, then it gets down to the Ombudsman, and I would therefore venture to say that the Ombudsman is presented with very difficult problems to solve. I think the Ombudsman does feel, nevertheless, and the hon. member's remarks are well taken in this light, the Ombudsman does feel that the public could know more about his office and he is intending under item 203-02-01 - hon. members will note that the travelling expenses have increased, and part of the increase there is to fund a series of lectures in high schools and in service clubs which the Ombudsman is planning to undertake in the 1979-80 year. In regard to the numbers of positions in the Ombudsman's office, there are three. In the salary estimates, hon. members will note that there is the Parliamentary Commissioner himself, there is an Ombudsman investigator and there is a secretary. There may be temporary or consultative posts used also but those are the three permanent employees or permanent people who are in that office.

MR. CHAIRMAN: (Mr. Butt) The hon. the Minister of Justice.

MR. OTTENHEIMER: Now, Mr. Chairman, I just want to make a brief comment here. Hon. members may be aware that in the latest report of the Parliamentary Commissioner and, indeed, in the previous report as well, it is pointed out that of the eight provinces having parliamentary commissioners the Newfoundland Ombudsman is the only one, in which jurisdiction to investigate complaints arising from patients in mental institutions, where he does not have that authority. And this is a matter which is being looked into and, indeed, it is our intention to make an amendment to the Act to give the Ombudsman similar

MR. OTTENHEIMER: authority with respect to complaints arising from patients in mental institutions in Newfoundland as is shared by Ombudsmen elsewhere.

On motion, 203-01 through 02-03 carried.

On motion, Head 2, Legislative, carried

without amendment.

DR. COLLINS: Mr. Chairman.

MR. CHAIRMAN: (Mr. Butt) The hon. the Minister of Finance.

DR. COLLINS: Before we get into that, perhaps I could just revert briefly to Heading 102-04. I did undertake to bring information on that Heading. This is under Consolidated Fund Services, and hon. members of Committee will recall that the sum of just over \$5 million for the 1978-79 year was questioned in regard to discounts and commissions. The information I now have is that these discounts and commissions referred to three loans, as I indicated at that time. Two were Eurodollar issues and one was a Japan-U.S. dollar issue. All three were in the amount of \$50 million. The commission rate on the Eurodollar issues was 2.5 percent and that on the Japan-U.S. dollar issue was 3 percent, and these increased commissions accounted for the larger amounts in comparison to where issues are brought out in North America. Now, one would hasten to add here, of course, that the reason why they are brought out elsewhere is that in those particular times they are brought to the market there because the interest rates there are lower than if they had been brought on the Canadian or U.S. markets, so that you gain on the swings and you lose on the roundabouts, I suppose, to some extent. But the net effect is advantageous to the Province, whereas we do pay out more in discounts and in commissions for those particular loans, in actual fact, the interest rate more than compensates for that.

MR. MARSHALL: Head 3, Executive Council.

MR. CHAIRMAN: Shall 301-01 carry?

PREMIER PECKFORD: Mr. Chairman.

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Tape No. 261

GH-3

MR. CHAIRMAN: (Mr. Butt) The hon. the Premier

PREMIER PECKFORD: Mr. Chairman, I would like to have a
few words to say on introducing these estimates. As hon. members can
see, this covers the Lieutenant Governor's establishment as the first
heading, ²

PREMIER PECKFORD: my own office, the Cabinet Secretariat and Treasury Board, Intergovernmental Affairs, the Economic Development Council, the Special Action Group, Economic Council of Newfoundland and Labrador and the Provincial Advisory Council on the Status of Women. The Lieutenant-Governor's establishment is essentially a maintenance operation as one can tell there by the variance in funds from last year versus this year. It is essentially the same, given a small escalation from \$248,000 to \$262,000. There is one item in the Lieutenant-Governor's establishment subheads that might be of interest to hon. members and it is the one dealing with the Governor's Name Board which is a \$40,000 expenditure that government has approved for the Lieutenant-Governor which is now on order and which will be established outside the residence on which there will be the names of the various governors.

MR. E. ROBERTS: All of the men will be put there? It will be a one-shot capital item.

PREMIER PECKFORD: Yes, right. So therefore that is why one can see the \$40,000 versus the zero for last year. That is the only major variance in the expenditures for the Lieutenant-Governor's establishment. Needless to say it is beautiful down there, and as a matter of fact I go down there quite often since May.

MR. ROBERTS: Any hopes of returning soon?

PREMIER PECKFORD: I was at Government House yesterday evening. I might even, if the weather keeps fine, return there this evening. But that is the only real major variance.

In the next subhead, in the 302, if I may, Mr. Chairman, by leave of the House just run down through the major areas and then I will let hon. members have their piece on it if that is the pleasure of the House. In the Premier's office there is a major variance under the salaries, \$469,000 -

MR. JAMIESON: Mr. Chairman.

MR. CHAIRMAN (BUTT): The hon. Leader of the Opposition.

July 24, 1979

Tape No. 262

DW - 2

MR. D. JAMIESON: If the hon. Premier wishes to dispose of 301 we would be quite prepared to do so - if you do not mind.

PREMIER PECKFORD: No, it is fine.

MR. CHAIRMAN: On motion, 301 carried.
Shall 302 carry?

PREMIER PECKFORD: Mr. Chairman.

MR. CHAIRMAN (BUTT): The hon. Premier.

PREMIER PECKFORD: Mr. Chairman, I would just like to table this. Perhaps I could do it all at the one time and then I will let hon. members handle it how they will. The variance in salaries on 302-01 centers around the fact that for a number of years the Executive Assistant to the Premier - that was the position that Mr. Vardy held, that Mr. Young held before and which now really Mr. Cabot Martin holds - was always charged off against a -

MR. E. ROBERTS: Did the Premier say Mr. Young and Mr. Vardy were Executive Assistants to the Premier?

PREMIER PECKFORD: Well, I do not know; the terminology might not be the same, a special advisor or they were in a capacity like that in the Premier's office.

MR. E. ROBERTS: But Mr. Young was Secretary of Treasury Board throughout his tenure, was he not?

PREMIER PECKFORD: Yes, but there was also a period at which he was special advisor to the then Premier, as was the Clerk of the Executive Council later on. Okay?

MR. E. ROBERTS: Go ahead. I will wait.

PREMIER PECKFORD: So all I am trying to say is that the variance here reflects itself in a number of areas; 1) that when Mr. Vardy and Mr. Young were special advisors, their salary was charged against another vote and not the vote of the Premier's office, but for the first time now it is being charged against the Premier's office and Mr. Cabot Martin is really filling that role, albeit I have changed

PREMIER PECKFORD: the title to Senior Policy Advisor and that is the gentleman's role. I will table Mr. Cabot Martin's contract right now because I had promised to do some time ago and did not do so primarily because of the election. But also before that there was negotiations between Mr. Martin and myself about his salary.

MR. ROBERTS: The hon. member for LaPoile (Mr. Neary) did him a favour by defeating him.

PREMIER PECKFORD: So I shall table his contract here now, Mr. Chairman, and as I table this contract I will also table an

PREMIER PECKFORD:

outline which I wanted to get for hon. members as it relates to the Cabinet Secretariat because over the years there has been a fair amount of discussion as to whether that is necessary. I outlined the roles and responsibilities of the Cabinet Secretariat .

MR. ROBERTS: That is what the Cabinet Secretariat said. last year.

PREMIER PECKFORD: No, no. And, thirdly, I will table a policy relating to former Premiers which we inaugurated which takes care of a subhead here.

MR. ROBERTS: Is it a case of coming events casting their shadows before them?

PREMIER PECKFORD: There is "Grants - Former Premiers", \$43,000 and there is -

MR. ROBERTS: What about former Leaders of the Opposition?

PREMIER PECKFORD: So I table that. But the main differences in the variances were the increases for all the Premier's staff as was highlighted by all public service salaries going up 7 or 8 per cent, number one; number two, that the senior person in the Premier's office is now being charged against the Premier's office, whereas before it was being charged against other subheads and therefore did not reflect on the Premier's office; thirdly, the fact that I have hired a correspondence secretary who takes care of most of the mail that comes in. There are three or four vacancies now in the Premier's office which will remain and so that therefore this \$469,000 will be reduced and can be reduced essentially over the next couple of months because there are vacancies there that I do not intend to fill, a Clerk Stanographer III, a special assistant and a personal assistance all of which added to the others will mean a reduction in that salary.

A streamlining of the Premier's offices around the Province is underway and a special system is being put into place and I have not finished doing what I set out to do in May along that score and that will become obvious in the next couple of weeks. So that is the variance on \$469,600. The grants to former Premiers, I have just tabled

PREMIER PECKFORD:

information concerning that.

There were a number of other things. Just for the information of hon. members, in June there were 438 letters to the Premier's office in the month of June for which there is a full month. The average phone calls, because I have had them monitored throughout, the number of phone calls here at the office here in the Confederation Building, around thirty per day on which there has to be more work done - there are more than that-but on which there takes some work. So we are looking at a fair number of phone calls that have to be returned. The phone usually starts around seven-thirty in the morning.

The Action Group, of course, there are some salaries reflected here for it to wind down because they are now charged against the Action Group whereas before they used to be charged against departments from which these individuals came. They will now return to the departments from which they came because they were given that understanding when they went with the Action Group. If there were others hired in addition to those that were seconded, they are gone and they will not continue to get money from the government.

The Economic Development Advisory Council is essentially gone, but there are some expenses which carry over which have to be paid. The Economic Council of Newfoundland and Labrador is a new one which we intend to set up and we have just put a nominal sum of \$10,000 in there. Provincial Advisory Council on the Status of Women is \$45,000. We have to set up the advisory council and the advisory council funds itself out of the \$45,000 and, hopefully, also provides out of that a number of initial grants to branch organizations around the Province, Labrador, Corner Brook, Grand Falls or wherever there are local chapters, if you will, of the Status of Women Council.

I think that takes care of most of the major items under the various subheads that come there. The main answers, I think, I have

MR. PECKFORD:

given but if there are any others of course I am only too happy to answer them.

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

MR. JAMIESON: Mr. Chairman, I will await the documents which the hon. the Premier is circulating and I am grateful to him for having probably resolved a number of questions by putting it in that form to begin with. My observation or question is really concerned with I am not sure if I am under the right heading here or not but I hope we will be flexible enough - Intergovernmental Affairs. It has seemed to me over the years that governments of Newfoundland have been singularly unsuccessful in terms of this particular and very vital area of our relations with the rest of Canada. And I may say I do not think the present government, that is going back over the seven or eight years, was any more successful. What I am really getting at here is that I have the feeling, and recent days tend to reinforce it again, that there is a lack of cohesion, in a sense. We hear various ministers or various people saying, "We are going to be discussing this with our counterparts in the Government of Canada," or whatever it may be, regional groupings or a whole series of things going on. We have, I presume, either an agricultural minister or a spokesman for an agriculture

MR. JAMIESON:

minister who is, I believe, either now, or will be in 24 hours, talking about agricultural policy with his counterparts from somewhere or other, and I say this in a totally non-critical sense other than that I am quite sure that it is not an effective mechanism. Now what I am asking the hon. the Premier is whether or not he sees or feels that there is almost a multiplicity now of organizations within either his office or related to the government and, to put it in the crudest terms I know, is he satisfied that there are no occasions when the left hand does not know what the right hand is doing when it comes to inter-provincial affairs?

MR. CHAIRMAN:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Chairman, I appreciate the Leader of the Opposition's comments. The Intergovernmental Affairs group was set up in the beginning to try to co-ordinate and to establish that cohesion that the Leader of the Opposition talks about, and the main interaction that the Intergovernmental Affairs' people have had in the Province has been with the federal government. There continues to be a multiplicity of provincial ministers of whatever meeting across the nation to try to co-ordinate their efforts in establishing policy and establishing a provincial viewpoint when they go to speak to their federal counterparts. On just about every occasion, there is usually somebody from the Intergovernmental Affairs group who attends those meetings to be totally plugged in on what is going on.

I am not satisfied, I have not been satisfied over the last number of years, with the cohesion that the Leader of the Opposition speaks about, and I hope to in the next number of weeks and months of being responsible for Intergovernmental Affairs to bring that about a bit better than it has been in the past. It is difficult because you have so many, many different provincial ministers meeting all over the place that it makes it extremely difficult.

PREMIER PECKFORD: So the Intergovernmental Affairs' interface has been essentially one of the Province to the federal government and primarily is to co-ordinate, and I think this is where we have been successful, to co-ordinate DREE agreements and here I think we have been fairly successful, as the Leader of the Opposition knows, perhaps, better than I even know, and it has been co-ordinated in a pretty unified way through the Intergovernmental Affairs' people. In the other areas when we get into other provincial governments, there has not been the same cohesion as there has been in dealing with the federal government as it relates to DREE. Before there was one department negotiating with DREE on the one hand and another on the other and that caused a lot of problems. I think the Intergovernmental Affairs' group has succeeded in making one thrust forward, so all the departments must report through the Intergovernmental Affairs Secretariat. I think more of this needs to be done inter-provincially as well as with the federal government, but there is still a lot of room for improvement and I am the first to admit it. Hopefully, we can try to bring that kind of cohesion to it as we go down the road from now, but I appreciate the views.

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

MR. JAMIESON: Mr. Chairman, in the same spirit, because it is so immediate, may I continue with the example that I mentioned and which is in the news this day? I have no idea how accurate the reflection is, but the fact is that the news is reporting that agriculture ministers from eastern Canada met yesterday among themselves, arrived, presumably, at a position which they are either today or tomorrow going to present to a federal minister of agriculture. Now, I do not know how or what instructions or what policy of the Government of Newfoundland that spokesman carried to that meeting. I do not know if the conclusions reached were in any way, for example, phoned back, just to use that as an example, to the hon. the Premier to say, "Look here, this is the consensus that seems to be emerging."

July 24, 1979

Tape No. 264

GH-3

MR. JAMIESON: "Will we live with that?" Where again would that fit with what I am describing, in the Premier's own words, the five year strategy, or are

MR. JAMIESON:

we going to wind up - because this, I suspect, is a fairly important conference but it is only, I repeat, being used as an example with something that is perhaps inconsistent not because of any deliberateness, not because of any failure to plan, but simply because of this multiplicity I have spoken of.

Now, I will mention one other example which is probably equally as germane and certainly equally as timely and it has to do with the whole question of transportation on which the hon. Premier and I had an exchange yesterday. Now there are a number of admirable objectives which we all share in terms of transportation, but it is equally true that some of them are mutually exclusive. And what I have in mind here is, for example, the revitalization of the railway on the one hand plus the increasing amount of activity in terms of port development on the other. And I know of at least five organizations within Newfoundland, various port commissions, authorities, call them what you will, who are meeting again probably with some of their counterparts in various other provinces. And to put it in its simplest terms as someone put it to me, you can only move the same ton of freight once. In other words, if it is going to come across Newfoundland by rail, it cannot come by container to some other port regardless of where it is. Now I emphasize that it is not a question of downgrading the objectives of these various harbour or port commissions or of the Railway Advisory Board but at any given moment the odds are that there are three or four or five groups meeting. And I am asking, in a sense, without expecting quite frankly that the hon. the Premier would obviously have all of this at his fingertips, but what I am asking is, is there a concept in view which will ensure that this mutual exclusivity is, in a sense, kept to a minimum and that in some way or other there is a channel through which it can become apparent very quickly that a particular kind of thrust, though probably worthwhile on its own, is going to be out of whack with the overall concept of what

MR. JAMIESON:

either the House as a whole or the government is seeking to do?

MR. CHAIRMAN (BUTT): The hon. the Premier.

PREMIER PECKFORD: Mr. Chairman, I recognize what the hon. Leader of the Opposition (Mr. Jamieson) is saying. For example, on the question of the agricultural conference that was ongoing yesterday, any policy decisions that had to be made or were necessary for the Government of Newfoundland to prepare for that conference were made and no further instructions or anything beyond that policy decision can be made by anybody representing the government unless, as the hon. Leader of the Opposition said, they phone and get approval for it, so that there is co-ordination on that level. And when it comes to any policy matter at all there is. Now the Intergovernmental Affairs Group does act to ensure that there is not this inconsistency as it relates to, for example, transport policy. And what we are trying to do now is to develop an overall transportation policy with all the various elements in it to ensure that any inconsistency that might have been there will not be there in the future.

In any ongoing talks with the Federal Government or with other governments as it relates to policy decisions on Agriculture, Forestry or whatever, it is a Cabinet decision which has to be made on that policy or otherwise the minister or the deputy minister or whoever represents the Province cannot make any further comments beyond what the instructions were given by Cabinet. There is no question about that at all. And our representatives yesterday were speaking just directly from Cabinet as a result of a policy decision being made. So, you know, the Leader of the Opposition need not fear on that.

I do believe though on the whole question of transport policy, the transportation policy in the Province, that we have been going in various directions at the same time without linking them all. I mean we have talked for a long time about the Trans-Labrador Highway without really sitting down and resolving that in terms of whether a railway is any sense from Labrador City to Lake Melville, whether other - you know, the road, for example, that has to be built now between Happy Valley-Goose Bay and Makkovik for the uranium mine and there has

MR. PECKFORD:

not been any real rationalization of it which has not happened. And on that score we have studies underway immediately to rationalize the whole transportation policy in Labrador totally, taking into account all the resource development, taking into account the studies on Lake Melville, taking into account Brinco's development, taking into account projections IOC and Wabush give us on their reserves and what we can expect in the next twenty or thirty years. It is now happening and we are about to - the hon. the Minister of Industrial Development (Mr. Barry) and myself are about to indicate

PREMIER PECKFORD: this to the people of Labrador after we get it put together and indicate it to this House just exactly what we are doing there. But I do believe, and agree that there has been, especially on transportation and such other broad matters, many times a certain pursuit by a given department which is not necessarily the same as some other department might be doing because of different transportation questions involved. And there is no question about it and that has to stop. We have to rationalize the transportation policy and my own personal prejudice is that we need competing modes. For example, the ports can service the railway as well as service the highway. I believe that we need, for example, as far as transportation on the Island goes, both transportation modes, both the railway and a highway in the long-term interests of this Province economically and otherwise. There is no question in my mind. The question is how you do it and how you fit it into a long-term financial thing. We cannot revitalize the railway overnight and different experiments are going to have to be tried to do it and that is going to take a lot of work. But I agree some can be mutually exclusive and we have to be very careful how we move on it.

But this Intergovernmental Affairs group has been the watchdog so that any inconsistencies that come up are thrown back to the Cabinet to say, 'Hey, we have a proposal here from the Department of Forestry and Agriculture on access roads and we have another proposal that we see from the Department of Transportation and Communications dealing with the road, why cannot we put the two together and get something reasonable out of it?' So I think it performs a useful function. It has to have more cohesion, especially on those broad areas of transportation policy where hitherto for I do not think the kind of cohesion has been done that has been necessary.

MR. E. ROBERTS:

Mr. Chairman.

MR. CHAIRMAN (BUTT):

The hon. member for the Strait of

Belle Isle.

MR. E. ROBERTS: Mr. Chairman, I would like to shift for a moment. We will come back. I figure I had another fifteen hours on this subhead - I am sorry, on this Head. Because as I understand the Estimates procedure starting from the 75 we have eighteen hours to do three Heads of Expenditure, we have done two, therefore, it follows, unless my arithmetic escapes me, we have fifteen hours left, is that correct? I think that is correct. The Government House Leader and I are, on this at least, heart to heart and mind to mind. So there are a lot of very useful things. I am sure that my friend the Leader of the Opposition will follow up on the matter. I think, he has just raised and the Premier has begun to respond to one of the crucial and central issues of the governmental machinery in this day and age.

But, before we come to that - we have lots of time. I want to switch for a moment and ask a question about Mr. Martin's - I want the Premier's attention - I will wait - I am sorry, I mean the question is to the Premier and the gentleman for St. George's (Mr. Dawe) if he has a point - I mean I will wait. There is no point in my asking if the Premier cannot hear. Perhaps I might say that I have a great deal of respect for Mr. Martin and nothing that I am going to ask has anything to do with Mr. Martin in anyway except that he happens to be the other signatory to this document that has been tabled. First of all, I want the Premier to tell me if he could please, Mr. Chairman, exactly where we stand on these multi-year contracts. Now this contract is for two years. We are voting one year's supply here in this committee and I have no doubt that we will quite gladly vote the supply for Mr. Martin's salary and I think it is money well spent for the benefit of the Province. It just shows the rate of inflation. When I was there fifteen years ago it was \$10,000 and maybe that shows the rate of inflation, maybe it shows that he is worth four and a half times what I was worth. Be that as it may, the Premier is now getting considerably more than Mr. Smallwood got as Premier and he may feel that Mr. Smallwood was not worth a

MR. E. ROBERTS:
decide that one.

great deal but we will let history

The contract purports to be for two years and, in fact, is for two years. I am not in the business of giving legal opinions for free to the House of Assembly or anywhere else my partners would say, including the former Attorney General, but I want to know whether that contract is binding for two years? What happens if a year from now there is no money? The money can only be voted for one year, and this Committee will, presumably, vote money for the fiscal year which ends on the 31st. March 1979. Now what I want to know is what happens if next year for some reason, it is not impossible, it may be improbably but certainly not impossible, the Committee decides not to vote any money for this? Forget the issues of confidence, I mean, we are not into the former minister, Mr. Ed. Maynard's secretary, but supposing the government for their own reasons do not want to vote the money, as my hon. friend the Leader of the Opposition says, what happens to the contract? Does Mr. Martin then have an action in damages against the Government of Newfoundland and Labrador as represented by the hon. the Premier on this contract

MR. ROBERTS: or not? And I put it forward perfectly seriously. I am not asking for a legal opinion but I am asking for answers to where this leaves us, because these contracts are new. These written documents are something new in the last two or three years. Mr. Cole may have been the first one, Mr. Bob Cole, may have been the first one to come in, but as I recall it when we were in administration in those halcyon, long-ago days, so-called contractual employees were hired on a year-to-year basis and were so regarded and I do not think written documents, written contracts were entered into. That does not make them any less a contract, of course. But I wonder if the Premier could tell me where the matter would stand a year or so from now?

MR. CHAIRMAN: (Mr. Butt) The hon. the Premier.

PREMIER PECKFORD: Mr. Chairman, I cannot answer the hon. member directly. If you sign a contract, I think there is something in there for two months that the employer can, I am not sure, one of the terms of that contract.

MR. ROBERTS: But supposing the House does not vote them in?

PREMIER PECKFORD: Well, if the House does not vote it - I do not know what the requirement is on a two-year contract where we can only vote for one year now and if we so decide next year not to provide the money, I do not know if Mr. Martin would have an action against the government or against the House or against whom. I cannot answer the question directly. I just do not know. I suppose, you know, we just trust that our parliamentary majority and the faith that we have in gentlemen that we would sign a contract where it would be honoured. If, in fact, such happened, you know it is something that I cannot answer directly.

MR. CHAIRMAN:

Belle Isle.

The hon. the member the Straits of

MR. ROBERTS:

Mr. Chairman, I appreciate the Premier's answer and, I mean, I take it that he did not, and I do not fault him for this, I take it that he did not seek a legal opinion from his, and I am not asking what the opinion is, but I think I have a right to ask whether an opinion was sought, a legal opinion from his colleague, the Minister of Justice (Mr. Otteinheimer), or from the law officers of the Crown before he entered into this document, and that is fair enough. But you see, Mr. Chairman, in my view the question is not academic because, of course, while I have no doubt that Mr. Martin's services will be carried on for another year and I have no doubt also that the Committee would be quite prepared - I mean if we are going to attack the government, we are not going to attack over the salary of an advisor to the Premier, we move the reduction of the Premier's salary. But we do face, as I understand it, precisely the same problem with Mr. Robert Cole. Now again, I have no quarrel with Mr. Cole of any sort. You know, I will talk about the principle. The principle is this, that the former Premier signed a document that I understand was a ten-year contract, and I think I am correct in saying there has never been any legislative ratification by this House, no conferring upon the Premier or the government or any minister thereof, of any authority to enter into that contract. Money was voted from time to time in the annual Supply Bill to pay the salary paid to the gentleman, and I have no doubt the salary was earned, and I have no doubt it was paid, sobeit. But now we are faced with a situation where the government intend to terminate the employment for which the gentleman was specifically hired. We have not been able to find out whether they intend to terminate his employment or not. That is an open question. What I want to know is if the government intend to terminate his employment, are the government then open to an action for damages because the former Premier entered into a ten-year contract which - what are there, eight years to run? - of that order, of eight years left to run.

MR. ROBERTS: What we are getting at, let there be no doubt, Mr. Chairman, is not a contract with an individual or not \$45,000 which is a miniscule proportion of the \$1.4 billion the government are going to spend this year, what we are talking about is the principle of parliamentary control. Because if the government can enter into engagements beyond the annual Supply Bill, if the government can enter into that, then, Sir, we have gone a long way to emasculating the House of Assembly and I think - the Premier, I understand, is nodding acquiescence. I think he would agree on the principle. So, I am not - I am sorry -

MR. MARSHALL: This is not the first time, you know, that contracts -

MR. CHAIRMAN: The hon. the President of the Council.

MR. MARSHALL: This is not the first time that contracts of this nature have been entered into for that length of time. I believe, if memory serves me correctly, a fisheries advisory development board (inaudible) -

MR. ROBERTS: Fisheries development, 'Bill',

MR. MARSHALL: - some time ago was ten years.

MR. ROBERTS: The old F.D.A. captain, Mr. Harry Winsor, Mr. Ross Young, father of the -

MR. MARSHALL: And Dustin.

MR. ROBERTS: - and Mr. Harry Dustin - Mr. Ross Young, father of Mr. Vic Young, and Mr. Dustin and Mr. Ross Young finished their careers in government employment. Mr. Ross Young died quite tragically a relatively young man. Mr. Dustin is still alive but served with distinction until he retired a year or two ago. He was working with the government, and Mr. Harry Winsor,

MR. ROBERTS:

I think it was, who is still alive as far as I know, but he retired and he drew a pension. But as I recall it, and my recollection is hearsay, I was not involved in those days but I think the President of the Council (Mr. Marshall) would have to agree that there was specific legislative authority. In fact there were quite heated debates on it. Now, if a bill had come into the House, a bill, "An Act To Ratify A Contract Involving Mr. Robert Cole", no question. If the Legislature decided to adopt that bill, you know, sobeit, the Legislature has the power to do it, end of discussion. But we never had that opportunity. We have not had the opportunity now with the contract which is involved in this subhead. I just want to know where we stand legally?

I do not fault Mr. Martin wanting a degree of security or the Premier wanting a degree of assurance that he will be able to avail of Mr. Martin's services in the next two years. I mean, no problem with that at all. The Premier has won the right to be Premier. He has the right to all the advice he can get and I would think he could make good use of all the advice he can get.

AN HON. MEMBER: He is going to need it.

MR. ROBERTS: He is going to need it, as my friends say, sure. But the question is a very real one and it has bothered me for a long time. I was told many years ago by Mr. Green, the Deputy Minister of Justice at the time and I believe now the legal vice-president of Hydro, still serving with distinction and with his own peculiar and particular and notable style as a legal advisor to a Crown corporation, that no contract was valid insofar as it affected the government of this Province for more than one year unless it was specifically authorized by legislation and I believe that is good law. You know, my understanding of the law of this Province is that is good law, that is correct, and this is why we have maybe 100 acts ratifying agreements with all these mining companies. And it is good law because it reflects a very vital principle and the vital principle is that this House controls public expenditure. And if

MR. ROBERTS:

the government can enter into engagements - the public service all hold-office during pleasure subject to a disciplinary, you know, in the various acts - but if the government can enter into engagements of this nature without any approval and bind us - you might say, oh well the House will not vote the money but if by not voting the money we leave the government open to an action for damages, for breach of contract then what have we done? And I think it is a very real principle.

I make no apology for delaying the Committee. I think if, in fact, we could get to the bottom of this - we are not going to today because it is five to six and I understand the government intend to rise the committee very shortly and fine. We will be back on it on Thursday or whenever the Committee of Supply are called again to meet. But, Mr. Chairman, I think this is a very vital principle. And if I understand the law correctly - now if I do not one of the learned gentlemen opposite I have no doubt will be very happy and indeed would have the duty to set me straight - but if I understand the law correctly this contract is not valid. That may be news to Mr. Martin who, I understand, is quite a good lawyer. I say I understand because I have had no opportunity to deal with him in a professional sense. But I would say, Sir, my understanding is that it is not valid and yet I want to know where it leaves us. Perhaps if the Premier does not want, or does not feel he ought to speak for this perhaps the Minister of Justice (Mr. Ottenheimer) or one of the other learned members of the Cabinet, because although these are the Premier's estimates I mean these are the Cabinet's requests, the government are requesting them, I would like to know the answer to that question, Sir.

MR. CHAIRMAN (BUTT): The hon. the Premier.

PREMIER PECKFORD: Mr. Chairman, I would like to just say a brief word here. Number one, I did not seek legal advice before entering into this contract, it never came to my mind. It is as simple as that Mr. Chairman. It did not cross my mind at all. There is an interesting point here that the member for the Straits raises, I suppose in the

PREMIER PECKFORD:

same way when one looks at the idea of paying former Premiers for three years a certain amount, we are only voting this year and not for the other two years .

MR. ROBERTS: But there is no contract, there is no written contract.

PREMIER PECKFORD: I know there is no contract but at the same time, I suppose, there comes a level somewhere where we agree that -

MR. ROBERTS: The public service is going to be here forever.

PREMIER PECKFORD: - there is going to be somebody here next year who can carry out what was done the year before.

MR. ROBERTS: No problem with that.

PREMIER PECKFORD: But, you know, it is a tidy, in my view it is a tidy interesting point of law as it relates to, perhaps, the courts I guess.

MR. ROBERTS: Good. Good point of principle too.

PREMIER PECKFORD: There is a contract between - most points of law have a point of principle behind them and I -

MR. ROBERTS: Not all but most.

PREMIER PECKFORD: Well most do. It naturally follows, I think, in the minds of most common-sense individuals.

MR. ROBERTS: The hon. gentleman does give the law more credit than it ought to be done on occasion.

PREMIER PECKFORD: Mr. Chairman, it is rather difficult to speak for some reason.

Number one, I did not seek legal advice on the contract.

Number two, I acknowledge it to be a very interesting point that perhaps the Minister of Justice might like to address or some other learned gentleman of the House might like to address themselves to.

PREMIER PECKFORD:

Number three is that simply there comes a time when we - you know and you can debate it all you like, I guess, if there is a contract between myself as Premier, if you will, and an advisor that the normal process of the courts would deal with it if, in fact, the employer broke the contract for whatever reason. I suppose that would naturally go to the courts. But not being a learned gentleman I would bow to those who have had experience on this point.

MR. ROBERTS: The Committee should rise, Mr. Chairman, very quickly. I will simply say that while I respect and accept very largely what the Premier has said, we are going to face it because Mr. Robert Cole if his services are to be dispensed with - and we have still not had an answer as to whether or not they are or whether he would be the highest paid gopher in this building - but Mr. Robert Cole doubtless will seek legal advice and I want to be sure that the government do not compromise the claim by saying, all right we will pay you the equivalent. And if Mr. Cole is making say, \$40,000 a year and we give him a little golden handshake of, say, \$300,000 because he says otherwise I will take an action in the Supreme Court, that is what I am getting at.

Let us rise the Committee, you know, if the House Leader wants to move it and we will come back at it on Thursday. Perhaps the Minister of Justice (Mr. Ottenheimer) could earn his keep and not give me a legal opinion or the House but could tell us of where the position stands. You see it is not academic. It is because of the decision to do with the action group it may become - and these written documents are very new and these written documents, I think, were entered into because people asked just the sorts of questions that I am now asking. Men said all right if I am going to come I want a degree of security. I want to know how much security. I want to know how deeply we are hock on it.

On motion that the Committee rise, report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

MR. SPEAKER (SIMMS): The hon. member for Conception Bay South.

MR. BUTT (CHAIRMAN): Mr. Speaker, the Committee of Supply has considered the matters to them referred and has directed me to report Head I, Consolidated Fund Services; II Legislative, has made further progress and ask leave to sit again.

On motion report received and adopted, Committee ordered to sit again on tomorrow.

MR. SPEAKER (SIMMS): The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, I move the House at its rising do adjourn until tomorrow, Wednesday at three of the clock and this House do now adjourn.

On motion the House at its rising do stand adjourned until tomorrow, Wednesday at three of the clock.

I N D E X

ANSWERS TO QUESTIONS

TABLED

JULY 23, 1979

Table

1. 24/11/19
2. 24/11/19
3. 24/11/19

In answer to question (1) the Report of the Mahoney Royal Commission has not been submitted to Government, therefore, obviously I cannot table it.

In answering these and any similar questions which might be asked I should point out to Honourable Members what my procedure will be. Where the police investigation has not been completed I will indicate that fact but I will not comment further on it except to inform the House that charges have been laid, when in fact this is the case. To say more than this could not only impede the progress of the investigation but may cast aspersions on innocent people. Where the investigation has been completed there are only two possibilities - either charges have been laid or have not been laid and this I will also indicate. I attach the highest priority to the principle of equality before the law. Therefore, the general principle I shall observe and insist upon in the discharge of my duty: Where the evidence obtained or obtainable warrants it, charges will be laid. Where the evidence obtained or obtainable does not warrant the laying of charges, they will not be laid.

In answer to the question on the R.C.M.P. investigations into alleged wrongdoing at the Labrador Linerboard Mill at Stephenville and with respect to the logging operations at Goose Bay - R.C.M.P. investigation at the Labrador Linerboard Mill at Stephenville is still ongoing but charges have been laid against three individuals and companies. With respect to the investigations at Goose Bay these investigations are ~~also~~ completed. The evidence available does not warrant the laying of charges.

Regarding the R.C.M.P. investigation into alleged commissions paid to Egret in Bermuda and involving the sale of Labrador Linerboard products - investigations are ongoing.

Regarding R.C.M.P. investigations into allegations made by a former Project Manager of Scriveners - investigation is ongoing.

Regarding police investigation in St. John's and Happy Valley/Goose Bay into alleged wrongdoing involving purchasing of material and supplies and letting of contracts by the St. John's Housing Corporation and Newfoundland and Labrador Housing Corporation - these are two distinct investigations. The St. John's based investigation is complete and the evidence available does not warrant laying of charges. The investigation at Happy Valley/Goose Bay is ongoing.

Regarding police investigation arising from the Fishermen's Gear Replacement Program this investigation is ongoing. *Charges were laid & dismissed in one instance. Charges are still pending in another instance.*

Regarding police investigations into procedures involving awarding of contracts in the Department of Public Works the investigation is ongoing. To date charges have been laid against one individual.

Regarding police investigations into dealings between a number of individuals and firms and the Local Improvement Board of Labrador City - these investigations have been completed and as a result charges have been laid.

With respect to R.C.M.P. investigations into Societe
Transshipping - this investigation is completed.
Because of insufficient evidence no charges were
laid.