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TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

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

MONDAY, APRIL 14, 1980

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER (Simms):

Order, please!

Hon. members will recall that prior to the Easter adjournment a point of privilege was raised in relation to a member disclosing in an open session of the House, the proceedings of the private session of the House. After having researched the question, it appears that it has not been the subject of any previous ruling in this House. Traditionally the private session has been held each day before the doors of the House are opened to the public. There is never any recording of what transpires during the private session and no reference or record is made in Hansard, or, indeed, in the minutes of the House. I understand also that in the Canadian jurisdiction only two other provinces have similar private sessions and they are regarded as privileged sessions. Our Standing Orders also are silent in relation to the private session and reference to the usages and customs of the House of Commons of Canada is not of any help because there is no similar private session. Sir Erskine May's Parliamentary Practice does reveal references to proceedings in secret session, although these appear to be during war years. Therefore, as there is no clear precedent or reference to guide me in this particular matter, and in view of the fact that it would perhaps be unfair and difficult to rule against something which members themselves are not aware of and have no rules to guide them, I would hesitate to rule that such reference by a member to a private session would be a prima facie breach of privilege at this time.

MR. SPEAKER (Simms): I would, however, like to recommend to the Committee of Rules and Procedure of this hon. House that they study this important matter with a view to considering inclusion of such a rule governing private sessions for our own Standing Orders so that all members, including the Chair, may have some assistance and guidance in the future on this matter.

I have also for the attention of hon. members a communication addressed to me. 'Thank you for your letter of March 4th. informing me of the resolution of the House expressing congratulations to me on my retirement. I am most grateful to the House and I should be glad if you would express my appreciation and thanks. Yours sincerely, R.S. Furlong.'

STATEMENTS BY MINISTERS

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: Mr. Speaker, I listened with interest during lunch time to the Throne Speech in Ottawa with a view to seeing whether in fact anything specific would be forthcoming as it related to a very important matter which affects many Newfoundlanders and many Canadians. And given that, number one, the Throne Speech does not lend itself to specifics and, two, the government of the day in Ottawa did not see to lend to this Throne Speech any specifics, I think it is so important for me, both as Premier and as acting Minister of Municipal Affairs and Housing, to put on record a number of initiatives that the Government of Newfoundland intends to take as it relates to a very important matter.

We are becoming increasingly concerned, Mr. Speaker, respecting the abnormal increases in interest rates over the past several months. While these dramatic increases in the cost of financing

PREMIER PECKFORD: adversely affect most aspects of our economic life and continue to fuel inflation, my colleagues and I are particularly concerned with the more immediate and profound effect of these high interest rates on the affordability of housing. This problem essentially contains two dimensions. Firstly, the ability of young families to own a home is becoming increasingly frustrated by this tremendous rise in the cost of mortgage financing. This cost, added to already high construction and land costs makes the dream of home ownership for most young families virtually impossible to attain. Secondly, the real possibility that certain home owners seeking to re-finance mortgages at these very high interest rates may find themselves in a dilemma for which the only answer may be the sale of the house, or even foreclosure. The situation faced by many home owners renewing conventional mortgages at the present time is that incomes have not risen sufficiently to offset rising household costs and thus only limited disposable income is available to meet the large increase in the cost of the mortgage attributable to the higher interest rate.

Given the fiscal constraints facing the Province which have been detailed by the Minister of Finance in his recent Budget Speech, it is obvious that the Provincial Treasury is simply not in a position to provide financial assistance to homeowners who may find that the cost of meeting mortgage payments are beyond their means. Despite this, this government has over the past couple of years introduced the Provincial Home Ownership Assistance Programme and the recently announced Rural Mortgage Lending Programme to respond to certain aspects of the housing problem. Statistics available to me indicate that in Newfoundland and Labrador during 1980 in excess of 2,000 mortgages will be subject to renewal. In many instances these mortgages were arranged for a five year period,

PREMIER PECKFORD: and, as suggested, the effect on family finances is expected to be severe in many cases. I am of the firm opinion that direct and immediate action must be taken by the Government of Canada to either introduce measures to stabilize the impacts of its floating interest rate policy, or possibly to implement direct measures to address the specific housing problems created by these high interest rates. While recent decisions by the Government of Canada will provide some measure of relief to families who arranged mortgages under the AHOP Programme, I deem it imperative to express to this hon. House the very serious concerns relating to the other potential and actual homeowners who are also suffering from this very serious problem. In this regard, my colleague, the hon. Minister of Municipal Affairs and Housing some weeks ago communicated with the federal minister responsible for Canada Mortgage and Housing Corporation our sincere concerns regarding these matters and requested a meeting at the earliest possible opportunity. As well, my colleagues recommended to the hon. Mr. Cosgrove that the matter of interest rates was a national problem and should perhaps be best dealt with in the context of a federal/provincial conference. While

PREMIER PECKFORD: Mr. Cosgrove has not yet responded to this particular proposal, I understand that discussions will be held in Ottawa within the next two weeks between the Minister of Municipal Affairs and Housing (Mr. Windsor) and the federal minister responsible for CMHC. Clearly, if prompt and positive action is not taken by the Government of Canada to stabilize interest rates and hopefully to introduce measures to ensure that in the immediate term, at least, interest rates will commence to decline, the situation with respect to mortgages generally will deteriorate with all the disastrous social and economic consequences which will accrue both to individual families and the residential construction industry as a whole.

Mr. Speaker, I am convinced that all members of this hon. House share the concern of my government in this respect and that there will be unanimity that this government demand from the federal government a firm resolution of this critical and fundamental question.

I have copies for hon. members.

SOME HON. MEMBERS: Hear, hear!

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

MR. JAMIESON: Mr. Speaker, since I have not either seen the Premier's statement in advance nor indeed had an opportunity to peruse the Throne Speech delivered in Ottawa earlier today, I am not sure just exactly what action if any the federal government is going to take. I do say to the hon. the Premier and to this House that it is interesting that this is the first time, given six or seven rate increases that occurred during the regime of the previous government, that this government has seen fit to stand up and talk about interest rates in this House. However, be that as it may, the truth of the matter is that of course the situation that has been outlined is a serious one. Whether or not it is going to be solvable by a federal-provincial conference in the single context of that one item I doubt very much. But at the same time I think it illustrates clearly and unmistakably the necessity for a continuing good relationship between the governments of the provinces and

MR. JAMIESON: the federal government, whatever the political stripe happen to be, because what we are in here is a most serious situation, not one merely confined to Newfoundland but one which of course is worldwide in many of its implications. And consequently, therefore, it is rather difficult on the one hand to see how the government of this Province can indeed in an area which is exclusively a federal jurisdiction, that is in terms of the money supply and the like, how it can insist upon some kind of intervention there and at the same time expect that government to be co-operative in a wide range of other activities as well. Having said all of that, of course once again, as with so many statements from this government you cannot argue with the basic motherhood theme, if you wish, of this particular document. Unlike some hon. members, I have had the opportunity in the last two or three weeks to meet with not only, may I say, householders and people with mortgage problems of that size, but I had intended in the Budget debate when it comes to speak in very thorough terms, I hope, of

MR. D. JAMIESON: my deep, deep concern for small business in this Province. It seems to me that the situation with regard to the 2,000 mortgage holders or thereabouts is a crucial and a critical and a very sad one, but even sadder in many respects is the likelihood that many sources of employment are going to be denied to our people through the loss of small businesses through no fault of their own. This is not the position or the time for me to attribute blame or to indicate why some of these situations have emerged, but I do suggest to this government, and I suggest to my colleagues as well - and I know I do it with their total agreement - that if we did nothing else in the next little while in this Budget but address ourselves to this question, we would be certainly helping at least to focus and to get some kind of recognition of just what the nature of the problem is. I say to hon. members of this House right now that if the hon. the Premier wishes to add to that statement the impact on small business in this Province today, the 2,000 would probably be 8,000 or 10,000.

I may, with the indulgence of the Chair, recall that two of my colleagues and I met with a company president or a head of an organization just a few days ago with a turnover in the range of \$3 million to \$4 million and a significant number of employees and he is incapable of keeping up with what the interest rates and the like are. So that while this is welcome in the sense of an admonition to the Government of Canada with which we associate ourselves - I have no difficulty in that regard at all - I say too that the most pressing problem for Newfoundland today is how we get our small business community and our homeowners off this incredible hook which does not seem to be getting any better.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER (Simms):

The hon. the Minister of Finance.

DR. J. COLLINS:

Mr. Speaker, during the Budget Speech, I alluded to a proposal put to the receiver of the Come By Chance refinery by Petro-Canada, and I also alluded to an agreement made between the Province and Petro-Canada subsequently. I would now like to table both the letter of agreement and a copy of the letter of intent.

MR. SPEAKER (Simms):

The hon. the Leader of the Opposition.

MR. D. JAMIESON:

Mr. Speaker, since it is only a tabling of documents I will take your direction, but presumably since it was done under Ministerial Statements, it is appropriate for me to say something. And I want to say with very considerable disappointment, very considerable disappointment, that the hon. the minister saw fit in my constituency, involving members of my constituency, to hold a meeting at which they were briefed on the contents of this document and the nature of this arrangement and that I was not asked or invited to attend that meeting.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

Order, please!

MR. D. JAMIESON:

It seems to me that having, Mr. Speaker, not only being the initial advocate of Petrocan's intervention in this, but also, I may say, behind the scenes helping in some respects to get Petrocan interested, it seems to me the very least that the government ought to have been prepared to do would be to

MR. D. JAMIESON: invite me to the meeting at which the various mayors and others involved, instead of having me get it secondhand and, by the way, having them all come back to me after the event and ask me for the kind of advice that I perhaps might well have been able to give -

SOME HON. MEMBERS: Hear, hear.

MR. D. JAMIESON: -out of my experience, if I had been invited to attend the meeting.

MR. E. ROBERTS: Politicking by the government.

SOME HON. MEMBERS: Hear, hear.

MR. SPEAKER (Simms): The hon. Minister of Transportation and Communications.

MR. C. BRETT: Mr. Speaker, early in 1979 the Eastern Provincial Airways (1963) Limited applied to the Canadian Transport Commission for authority to serve the additional point Toronto from Halifax under licence no. ATC 1245. When EPA made its application, I, as Minister of Transportation and Communications, wrote the Secretary of the Air Transport Committee of the CTC notifying the Committee of our support of the EPA application. Our support was somewhat conditional because while we were in favour of EPA gaining access to Toronto, we at the same time wished EPA to maintain and improve its existing levels of air service in the Atlantic region.

The department had, for the past number of years, constantly counselled the CTC that it was mandatory that EPA achieve traffic rights on the high density Halifax-Toronto route in order to widen its revenue base so it could continue to provide service to its regular customers and keep its multiplicity of shorter haul sectors that are at best only marginally successful.

On November 30th, 1979, the Air Transport Board issued a notice that a public hearing would be convened on January 21st, 1980 to consider applications by both CP Air and EPA for traffic rates between Halifax and Toronto. Between November 30th, 1979 and January 21st, 1980 a joint intervention to the CTC on behalf of the four Atlantic Provinces was submitted.

MR. C. BRETT: In essence, the intervention was in support of EPA and the rationale for the position was to reiterate that support for improving the economic base of the regional carrier with requirement that cross subsidization be used to ensure adequate service levels on the interregional air network.

At the public hearing, Premier Buchanan, on behalf of the four Atlantic Provinces, appeared as a public witness and read into the record our intervention. The decision of the CTC on these applications is repugnant to me and I believe most unfair. It is unrealistic to expect a regional air carrier to provide services on short haul, low density routes and still continue in business without having some long haul, lucrative routes.

I can assure the House that this decision will be appealed most forcefully. In reviewing the decision with the hon. the Premier this morning, I have ascertained that the Premiers of the other Atlantic Provinces will join him in requesting the CTC to reassess its decision at a very early date.

SOME HON. MEMBERS:

Hear, hear.

MR. SPEAKER (Simms):

The hon. the Leader of the Opposition.

MR. D. JAMIESON:

Mr. Speaker, it is consistent, at least with what I have been saying all along, that I agree with the government when I see that they are doing something with which I am in favour, and disagree otherwise. So, just having said what I did a few moments ago, let me in this case say that I echo the sentiments entirely. I simply find the decision of the CTC in this case surprising.

MR. D. JAMIESON: to say the least and indeed somewhat irrational. If I can go a little further, I find it also repugnant to have an organization such as Canadian Pacific Air indicating that they are now going to be flying coast to coast and identifying Halifax as being the East coast of this country. I think that if Canadian Pacific wishes in that context to be regarded as a national carrier, then it should remember that the Province of Newfoundland and Labrador is here and that they should not be making the kinds of statements that they are.

My concern, quite frankly, is obviously not so much, although it is important with the future of Eastern Provincial Airways and its-profitability, as it is my conviction that unless Eastern Provincial Airways is given some lucrative route of this kind, then I fear that the service to Newfoundlanders is going to suffer, and particularly the service to the people of Labrador, if I may be so bold as to say so, in answer to the hon. Minister's statement.

Obviously, proceeding through the route of appeal to the Canadian Transport Commission, I suppose is harmless, to say the least; it will at least make them aware of what the position and the views of this Province are, but I would suggest that he look further into the Act and he will discover that there is also an appeal to the Government of Canada direct and it seems to me that ultimately and, probably most effectively, that is where the matter ought to be decided.

May I also presume to offer some advice in the sense of saying that I think at this stage in the game, it is adequate for us to register our disagreement and our dislike of this particular measure and not to prejudge what kind of an outcome such an appeal may have, I hope in the foreseeable future, in the very early

MR. D. JAMIESON:

future.

AN. HON. MEMBER:

Hear, hear.

MR. SPEAKER(Simms):

The hon. the Minister of Forests, Resources and Lands.

MR. C. POWER:

Mr. Speaker, the hon. House will recall that when considering the continuing impact of the spruce budworm on Newfoundland's forests, government declared its beliefs before making a definitive decision as to the long-term forest protection alternatives. It would be essential that all available scientific, medical, economic and social information relative to the insect infestation and damage and possible control programs, be thoroughly studied and evaluated by an independent body and that ample opportunity for public input must be provided.

Of particular concern to government was the fact that none of the many reports presented to date had adequately addressed long-term implications of chemical spray programs, in particular from a human health and environment point of view.

Mr. Speaker, after careful and lengthy deliberation, government reached the conclusion that, while recognizing the importance of the forest industry to the Province, and though respecting the opinions of the various independent committees and groups that have studied the problems and provided advice, the need to protect the forests had to be rationalized with the need to ensure the continued good health and well-being of the citizens of this Province. Government subsequently announced, Mr. Speaker, its intention to establish a Royal Commission to fully investigate all aspects of the spruce budworm epidemic, a commission that would not only examine all scientific kinds of criteria but one which would also go out to the general public of Newfoundland and Labrador, and in fact in Canada, to seek the advice and opinion

MR. POWER:

of our people. In addition to the commission, we would also examine all aspects of forestry management and protection so that a full utilization of the forestry resources might be attained.

Mr. Speaker, in order that all concerned factions would be adequately represented, it was determined that the royal commission should preferably consist of three members; one representative of the medical profession, one of the forestry profession, and a third who would also act as chairman, a person who would be well versed in social sciences. All three persons would also have to be people of independent and unbiased opinions and integrity.

I am now pleased to announce, Mr. Speaker, that this government has appointed the Royal Commission on Forestry Management and Protection, and that we have been fortunate in securing persons of considerable public standing and professional expertise to comprise its membership.

Mr. Speaker, Dr. Cyril Poole, Principal of Memorial University's Sir Wilfred Grenfell College in Corner Brook, will be the Chairman of this royal commission. Dr. W.J. Carroll, Director of the Newfoundland Forest Research Centre at the Canadian Forestry Service, and Dr. A.T. Rowe, Professor and Chairman of Family Practice at Memorial University of Newfoundland, Health Sciences Complex, will be members of this royal commission.

Dr. Poole was born on Pelleys Island and following his early education he received his B.A. degree with first class honours, became a gold medalist at Dalhousie University in 1953, and in 1957 received his doctorate in philosophy and political science degree at the University of Toronto. He has held several university positions since then, including ten years at Bishop's University, Mount Allison University, and Memorial University of Newfoundland, where, as already noted, he is presently Principal

MR. POWER: of the Sir Wilfred Grenfell College in
Corner Brook.

Dr. Poole has also been active, Mr. Speaker,
in other areas including serving as President of the Humanities
Association of Canada from 1973 to 1975. He has also written several
articles published in important publications.

Dr. Carroll was born in Bonavista.
Following his early education he was employed as a school teacher in
Northern Newfoundland and also worked for a period in the woods
industry. He subsequently attended Memorial University College,
Dalhousie University, and MacDonald College, and McGill University.
He completed a Master Science degree majoring in entomology. Dr. Carroll
joined the Public Service of Canada in June of 1949 as a forest
biologist at the Forest Entomology Laboratory in Frederickton,
New Brunswick, and was subsequently transferred to Corner Brook in
1953 as officer in charge of the Forest Biology

Mr. Speaker, in 1962 he completed his
Doctor of Philosophy degree at New York State College of Forestry, and
in 1966 he was transferred to St. John's as the Director of the
Newfoundland Forest Research Centre.

He has been a recipient of both the
Centennial Medal in 1967, and the Queen's Jubilee Medal in 1977.
Dr. Carroll will be receiving an executive transfer from the Federal
Department of Environment to the royal commission.

MR. C. POWER: Dr. A.T. Rowe was born in Heart's Content and following his early education attended Memorial University College and the University of London, St. Mary's Hospital. After interning for a period at the St. John's General Hospital, Dr. Rowe did post-graduate studies in England and at the University of Toronto prior to establishing general practice in Carbonear, where he was subsequently appointed Medical Director of the Carbonear Community Hospital. He is a past President of the Newfoundland Medical Association, a former Chairman of the Newfoundland Community Health Council, and has served on the executive of the Canadian Medical Association. In 1971 Dr. Rowe was elected as a member of this House of Assembly and in 1972, Mr. Speaker, was named Minister of Health for this Province until his resignation from public life in 1975. He is presently Professor and Chairman of Family Practice at Memorial University of Newfoundland. Dr. Rowe has many extra-curricular activities related to his work and to his community. He has been a member of several community organizations and has honorary membership in the Canadian Red Cross Society.

Mr. Speaker, the terms of reference for the Royal Commission have been broadly established and while they may be subject to some refinement when the commission commences its work, they are essentially as follows: (a) to review the current status of the forestry industry and the intensity of forest management within this Province and identify conditions necessary for long-term viability of the industry and a sustained flow of forest product and services for the economic and social well-being of the Newfoundland public; (b) to review and assess the current spruce budworm

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MR. C. POWER: situation and its affect on the forest industry in light of currently practiced management and utilization standards and in light of a practical future level of intensive forest managements; (c) Mr. Speaker, is to review and ascertain the impact of available forest protection techniques, including chemical sprays, on human health and the environment both in the short and long-term; (d) Mr. Speaker, make recommendations to government on a course of action which is compatible with scientific forestry industrial requirements, economic and social well-being of the people and the human health and environment safety requirements. And (e) Mr. Speaker, is to ensure that a broad public input will be sought to develop an assessment of the wishes of the people of Newfoundland as to how they perceive the management and use of the forest resources and how they perceive protection of it; and (f), Mr. Speaker, is to seek and receive briefs and submissions from various interest groups from both in and outside of this Province. The commission will start its work as soon as possible and it is hoped, Mr. Speaker, that it may be in a position to report its findings to government by December 31st., 1980.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER (Simms):

The hon. the member for the Strait of Belle Isle.

MR. E. ROBERTS:

Mr. Speaker, in the absence of our colleague, the member for Windsor - Buchans (Mr. G. Flight), who normally speaks for us on matters related to the forestry and forest policy, perhaps I could say a few words by way of comment in response to the minister's statement.

Let me first of all make it quite clear that the three men who have been appointed by the government to serve on this commission are estimable gentlemen, all well known to the people of this Province. Dr. Rowe - and I am glad the government have not held it against him that he and I had a great grandmother, or something, in common, were second cousins twice removed or some such thing - Dr. Rowe served with some distinction as a member of this House for a period of time.

MR. J. CARTER:

(Inaudible).

MR. E. ROBERTS:

I am sorry. The gentleman from St. John's North says something again.

MR. F. STAGG:

We will have to review the Committee.

MR. E. ROBERTS:

I would think the hon. gentleman from Stephenville (Mr. F. Stagg) well ought to review the Committee because I have heard his relatives say that they, too, could choose their friends but not their relatives.

SOME HON. MEMBERS:

Hear, hear!

MR. E. ROBERTS:

But, Mr. Speaker, the point is that these three members are estimable gentlemen and they do not -

MR. STAGG:

(Inaudible).

MR. E. ROBERTS:

I am sorry.

MR. STAGG:

That is not true (inaudible)

MR. E. ROBERTS:

I know that love is blind, but I would not have said that pride is blind in the case of the hon. member for Stephenville.

SOME HON. MEMBERS:

Hear, hear!

MR. E. ROBERTS:

It would have to be.

MR. SPEAKER (Simms):

Order, please!

MR. E. ROBERTS:

Really, I would get ahead much more quickly if the hon. gentleman did not harass me and browbeat me in this way.

SOME HON. MEMBERS:

Hear, hear!

MR. E. ROBERTS:

He was just carried away, Sir, by being on E.P.A. yesterday.

Anyway, Mr. Speaker, the point is that I want first of all to say that these are three eminently qualified men and I think the government have done well to enlist their services. I would say to these three men that Newfoundland and Labrador, the people of this Province, are indebted to them for having taken on a task which is probably an impossible task.

And that brings me with inevitable and flawless logic to the second point I wish to make, which is one that my colleague from Windsor - Buchans (Mr. G. Flight), I believe, has made with considerable force and considerable effect, and that is that this commission as it was originally conceived, is of no value at all. Now I say 'originally conceived' because the government have broadened the terms of reference and instead of being simply a commission to study the budworm situation and some responses to it, which I believe is what the minister had originally envisioned, it has now been broadened and we are going to have - I think this is the third Royal Commission we have had on forestry in this Province. We had the Kennedy Commission back in the mid-1950s, we had the Rousseau Commission - not 'Joe' but 'Ziv', Z-i-v - the Rousseau Commission in the late 1960s and now in the early 1980s we are going to have the Poole Commission. And that is good, you know, I have no argument with that. It is one more document that will take its place and will doubtless have some value. Unfortunately, it does not help with the budworm situation, and, of course, the government adopted this expediency in an effort to have to avoid the hard business of taking decisions.

MR. ROBERTS:

You know, it was said once that Nero, an emperor of Rome, fiddled while Rome burned. Well, of course, the minister and his colleagues in this instance are studying while our provincial forestry resources are being ravished and destroyed. The only thing I would say, Sir, is that the government ought to ask the Royal Commission—they cannot direct them—but to ask the Royal Commission to make an interim report at the earliest possible date on Section B of the terms of reference, the one dealing with the budworm. I will say now to the minister that there is no way in which the report of this Royal Commission can be tabled by the 31st of December 1980, which is only, unless I am completely bad in my mathematics, seven and one half months away. The Royal Commission will not have been organized by 31st of December 1980 given the speed with which Royal Commissions of their very nature move. And molasses going uphill is a speeding substance, it is faster than Supermar, compared to the average Royal Commission coming to grips and getting a problem out. So given that we have a serious situation with the budworm destruction in this Province, given that the government feel, in our view unwisely, but given that they do feel that they have got to have some more advice in the hope that somehow they will get off the hook of having to decide between Scylla and Charybdis, then I would suggest to the minister that he ask Chairman Poole and the members of his commission to submit an interim report, to direct their attention first of all to Section B and to submit a interim report as quickly as possible, and in any event not later than 31st of December 1980. If not, Mr. Speaker, this Royal Commission will be the longest running act we have ever seen and by the time we get a report in and then by the time the government acts, whatever government happen to be in office, act upon it, there will be precious little left of our forests. Heaven knows we have had enough damage with the budworm now. I do not pretend to know what the answer is, but I will say to the minister that the Royal Commission is not going to find any that are not already out. What is needed is a government with the courage and the dedication and the determination to decide.

SOME HON. MEMBERS:

Hear, hear!

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MR. SPEAKER (Simms): Any further statements?

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

MR. RIDEOUT: Mr. Speaker.

MR. SPEAKER: The hon. Leader of the Opposition yields to the hon. member for Baie Verte-White Bay.

MR. RIDEOUT: Mr. Speaker, I have to leave shortly because of a personal problem and would therefore request, if hon. members would permit, that I have unanimous consent to direct to routine Order C, the Presentation of Reports By Standing and Special Committees, before we proceed with the Oral Question Period.

MR. SPEAKER: Is it agreed?

AN HON. MEMBER: Agreed.

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

MR. RIDEOUT: Thank you. Mr. Speaker, pursuant to Standing Order 84, I have the honour of presenting the report of the Public Accounts Committee of the House of Assembly for the financial year ending March 31, 1978. Copies are forthcoming.

ORAL QUESTIONS

MR. SPEAKER: We revert back to Oral Questions.

The hon. Leader of the Opposition.

MR. JAMIESON: Thank you very much, Mr. Speaker. My question is for the hon. the Premier. Following upon his comments with regard to interest charges and the possibility or advisability of a federal-provincial conference, and given the succession of statements we have heard from ministers over the last two weeks of the adjournment with regard to the need for federal-provincial consultation,

MR. D. JAMIESON: is the Premier now in a position to indicate any kind of schedule of formal meetings, either bilateral that is, between the Government of Newfoundland and the Government of Canada, or on a larger scale, which would address itself to what are clearly as a result of what we have seen from the budget, urgent matters with regard to further federal/provincial co-operation across a whole range of issues?

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

PREMIER PECKFORD: I thank the Leader of the Opposition for his question, Mr. Speaker, on that. As my statement today indicates as it relates to mortgage rates, ten days ago the Minister of Municipal Affairs and Housing (Mr. N. Windsor) contacted Mr. Cosgrove, and I think most of the new ministers in Ottawa have either been busy at other things, just getting rearranged and so on, or some of them in Quebec on the referendum thing and they have not been around and we have not heard back from any of them. Mr. Cosgrove is one, the minister responsible for DREE is another whom we have contacted to try to set up a schedule of meetings. And we are in the process of being in a position within a week or so to present a total package to the Federal Government, renewed and refined from what it was last Fall so that they would have that information at their fingertips. The only thing we have had back is some indication, as I indicated in my statement, of a federal/provincial conference on housing and mortgage rates.

But what I am more interested in is having the Ministers of Finance for the provinces and for Canada sit down and talk about the whole economic situation as it relates to interest rates in general. I notice in the Throne Speech today, for example, that there is no mention of helping the small businessman that the Leader of the Opposition talked about in his response to my statement, none whatsoever. The only reference to it was that they were going to increase the ceiling on the loans from \$75,000 to \$100,000 or something - \$150,000 - which in its turn is okay but it does nothing because the cost of the money is so expensive

PREMIER PECKFORD: that it might on the other hand inhibit the fisherman or the farmer from going ahead and borrowing from \$75,000 to \$150,000 given that high a rate. So I think it is almost better if you are going to do something, to leave the ceiling where it is or up it a tiny bit, but to address the interest rate problem because that is where the great problem is today.

So to sum up, we have ASTRA meetings as it relates to the mortgage rates. We are in the process, and I talked to the Premiers again this morning of Nova Scotia, New Brunswick and PEI, of asking for a meeting if we can get it of Finance Ministers to deal with the whole question of interest rates to see what we can jointly do or what the Federal Government can do on its own or whatever to address it. On DREE, we are waiting for a response now to meet with the minister.

MR. D. JAMIESON: Supplementary, Mr. Speaker.

MR. SPEAKER (Simms): Supplementary, the hon. the Leader of the Opposition.

MR. D. JAMIESON: My supplementary is, the hon. the Premier might recall that he told me some weeks ago and he just made a further reference to it, that in fact the document which formed the basis for the First Ministers Meeting, bilateral, between the Government of Newfoundland and the Government of Canada was in the process of being updated, that obviously is now going on. What I am asking now is whether or not the Premier: (a) has made any overtures to the Prime Minister for a date or a time or is he waiting until the document is updated before pursuing that particular course? In other words, when it is likely that he, that is the Premier, Mr. Speaker, would be ready for such a meeting?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: I thought in the first instance that I should deal - because some of the matters are very specific and I would not want to bother the Prime Minister with the Coast of Labrador Agreement if I did not - I already had a meeting - let me start again. I already had a meeting with the minister in the

PREMIER PECKFORD: federal Cabinet representing Newfoundland, the hon. Mr. Rompkey, the Minister of National Revenue, in Labrador in which I went through all the major issues facing the Province today - the DREE Agreements, things outstanding and so on. And I indicated to Mr. Rompkey at the time that my intention was to refine that document and then to have it sent to the Prime Minister's office and to his office and to the relevant ministries and then to break out of that some of the important issues that I have to sit down with the Prime Minister on dealing with Labrador power, dealing with offshore, dealing with the fishery, the big questions; let the rest be dealt with by the ministers at their respective levels and that I will be ready to do that in a couple of weeks. That document will be finished next week and so will be off to the Prime Minister and the various ministries. In the meantime, not to waste any time on immediacy and practical problems, we have approached the Minister of DREE, we have approached the Minister of Housing, and, I forgot to mention, we approached the Minister of Transport, Mr. Pepin, who, by the way, is the only minister to date who has sort of responded and we are looking for a convenient date to talk about transportation matter province versus the federal government. So, a week or so and that document will be refined and we will be ready to discuss the larger questions. In the meantime, we have taken action on the practical ones and are waiting for meetings from the respective ministers.

MR. D. JAMIESON:

Final supplementary, Mr. Speaker.

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

MR. D. JAMIESON: I thank the Premier for his answer, which I deduce means that so far there has not been any, what I would describe as, person-to-person contact between himself and the Prime Minister. May I, in this form, ask this question? Since it is clear, I would suspect, although I am not privy to the government's position, the Newfoundland Government's position that oil pricing and a national agreement will have some bearing, if only indirect, on what has come to be referred to as the off-shore issue, has any progress been made or is there any official contact between the two levels of government, either carrying on from where the previous Federal Government left off or on the basis of any new initiatives that might have been put in place by the minister or the Department of Energy, Mines and Resources? Could he give us a state of play on oil pricing?

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

PREMIER PECKFORD: Before I mention the oil pricing, I would just like to respond to - there were a number of reasons why I did not communicate to the Prime Minister directly. One is that I wanted time to elapse. The Prime Minister was also on vacation for a while and was not in his office. And then I wanted to get something on paper to him rather than to do it ad hocly every day with a telegram here and a letter there, and try to put it all in some kind of a reasonable, substantive package.

On the whole question of oil pricing, the Throne Speech - I do not know if the Leader of the Opposition has had an opportunity to hear all that the Throne Speech in Ottawa today said was that there would be a price less than the Clark - Crosbie price, if you will, the Hinatyshyn price. How much less, nobody knows. It could be seventeen cents rather than eighteen cents. The eighteen cents is

PREMIER PECKFORD: out, the seventeen and a half cents might be in, one can argue that and get you know. So, we do not know. The problem is we knew where we were but now we do not know where we are, and hopefully we are substantially below eighteen and there is some long-term made in Canada price, well, we have to wait and see just what comes out of that.

We have communicated to the Department of Energy, Mines and Resources, - Okay? - that we are eager to participate in this whole question, because it does affect offshore and a potential producing province perhaps has some right to some say as it relates to oil and gas pricing in this country right now. It is not inconceivable that we will be a producing province over the next four or five years and with that kind of potential then we have to be reckoned with and therefore should have some say in it. So, we have communicated that at the officials' level between Energy, Mines and Resources and the Government of Newfoundland. And we have been told, of course, we have been informed that we will be involved in anything before it becomes any more substantial and that we have gotten the feeling that the first round by Mr. LaLonde to the various producing provinces was essentially to break the ice and to clear away to see whether you can get down to some hard-nosed bargaining later on, after the Throne Speech was out of the way, and so on.

So nothing substantial, it seems to us, has really happened yet. The ice has been broken, if you will, and communication has been opened between Alberta, Saskatchewan and British Columbia and now Mr. LaLonde is going to start the second more substantive round and when he does we will be intricately involved in it.

MR. SPEAKER (Simms): The hon. the Member for Eagle River.

MR. E. HISCOCK: Am I correct in hearing the Premier saying that the Coast of Labrador DREE agreement is now being refined

MR. E. HISCOCK: and being submitted within the next week, that after three years and after the election, with Mr. Trudeau defeated, it was going to be signed and then, after Mr. Clarke, it was going to be signed and now we are putting more things in it or taking it out? And second, is education going to be in it with regards to the gross inequalities in the Coast of Labrador DREE?

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

PREMIER PECKFORD: I am sorry that the hon. member for Eagle River is on a different trend than the Leader of the Opposition and myself. No, he misunderstands completely. We put the submission, the Coast of Labrador submission to DREE over a year ago and it is still there. It has not been touched. What I am talking about is the document that the Government of Newfoundland presented to the Government of Canada on bilateral issues last year, which has nothing to do. All it does is highlight that we need the DREE agreement signed, one of which was the Coast of Labrador. But the Coast of Labrador Agreement was submitted in total, what we wanted, and we have been bargaining over what is going to be in and what is going to be out. So we have done nothing. And all those three years it has been in the federal hands and both governments, both the Clark government and now the new Trudeau government has to answer for why it is not signed. It is there ready to be signed.

The Forestry Agreement is crying out for signing and has not been signed. The Land and Mapping is crying out for signing and has not been signed. The WORDCO Agreement has been crying out for signing and has not been signed and

PREMIER PECKFORD: has not been touched at all. And we are trying to keep in that agreement as much as we can education, health, as well as transportation and fisheries development. So we are bargaining hard to keep as many components as we can into that agreement as was presented. We have not changed a thing. If anything, what we have been doing is trying to keep as much in there as we can so that the federal government do not take it out and say it does not qualify. So the proposal was presented and we have not changed it and we have been waiting for them. We have our share of the money and we are waiting for them to come up with their share.

MR. SPEAKER (Simms): The hon. the member for Terra Nova.

MR. T. LUSH: Mr. Speaker, I have a question for the Minister of Education (Ms L. Verge). In view of the certain deterioration in the quality of education and educational opportunity in the Province in recent years, caused in the main by inflation and teacher reductions, and in view of the concerns expressed by the N.T.A. and school boards and the general public since the presentation of the 1980 Budget, I wonder if the minister can indicate what measures the government intend to take to cushion the negative effects of these two factors, particularly teacher reductions? If these two measures are allowed to intensify it will certainly have a disastrous effect on education in the Province as it relates to equal education and quality education.

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

MS L. VERGE: Mr. Speaker, there is absolutely no evidence to suggest that the quality of education in our Province has done anything but improve in the past several years.

SOME HON. MEMBERS: Hear, hear!

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MS L. VERGE: The quality of education is something that is determined by many variables, ranging from the calibre of the individual classroom teacher - that person's interest in students, that person's commitment to his or her profession - to the numbers of teachers in the classroom - specialist teachers, the management of teaching units by school boards,

MS L. VERGE: management personnel, the kind of leadership in programme development and curriculum given by school boards and the Department of Education, the input from the many partners in education including the government, the churches, the school boards.

As for the effect on the quality of education of the decline in student enrolment, the facts and figures are there to show that we have never before in our history had as many teachers as we have now this year despite the fact that we have fewer students than we have had in many years.

SOME HON. MEMBERS: Hear, hear!

MS L. VERGE: If we compare the situation of 1971 - 1972 to the present school year, it can be seen that we have 12,436 fewer students Province-wide in Kindergarten to Grade XI, yet we have 1,228 more teachers Province-wide. So the de facto student/teacher ratio has never been lower in our history. If this says anything about the quality of education, then surely the quality is higher and greater than it has ever been in our history.

In making decisions about spending in education and allocating teaching personnel to school boards, the government has looked at the number of students in the system. Instead of keeping the same direct relationship, government has cushioned the effect.

Last Spring, government, in response to requests from groups such as the Newfoundland Teachers Association, changed the teachers' salary regulations to put a 3 per cent ceiling on the number of teaching positions that any one school board in the Province could lose regardless of the student enrolment decline. This 3 per cent ceiling has been continued this year, which will have the effect of saving twenty-eight teaching positions Province-wide. Not only did government do that, but it went the second extra step of reducing the student/teacher ratio from 25 to 1 and 24.92 to $\frac{1}{2}$, resulting in fifteen additional regular classroom teaching positions -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order, please!

MS L. VERGE: - and thirdly, added twenty-five teaching positions for special education to improve services to handicapped students.

MS VERGE: So instead of losing 143 positions provincewide, 68 of these positions will be saved.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Simms): A supplementary, the hon. member for Terra Nova.

MR. LUSH: Mr. Speaker, it is certainly heart-warming to hear members applaud answers to something which they know nothing about.

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Right on, 'Tom'.

MR. LUSH: This hon. member happens to know what quality education entails, and my question to the minister is -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. LUSH: - is the minister suggesting to this hon. House that the substantial reductions in the number of teachers and inadequate facilities, do not these two factors have anything to do with quality education in this Province?

MR. SPEAKER: The hon. Minister of Education.

MS VERGE: Mr. Speaker, instead of losing 143 teaching positions provincewide next year, 68 of these positions are being saved through the special measures that I just enumerated. As for facilities, this budget has provided for \$12 million worth of new school construction, that following the millions of dollars worth of school construction that has taken place in the past eight or nine years in the Province. So we have never before had as many teachers for as few students with as good quality physical facilities.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: A final supplementary, the hon. member for Terra Nova.

MR. LUSH: A final question to the minister, Mr. Speaker. I wonder if the minister can indicate whether or not the

MR. LUSH: government had any studies done to determine how far they can go in reducing teachers before it will affect the quality of education? Is there a base line? Does the government have a base line below which they will not go in reducing teachers in this Province?

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

MS VERGE: Mr. Speaker, two years ago in April of 1978 government appointed an independent task force comprising two Education professors at the university to look at the question of declining enrollments, and to make recommendations on how that phenomenon should be managed and how the quality of education could be improved.

That task force reported last Summer. Its report has been studied and analyzed since then and government is taking into consideration this exercise in making it a five year plan to provide for the continuation and improvement in the quality of education.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. member for LaPoile.

MR. NEARY: Mr. Speaker, my question is for the hon. the Premier, Sir, and it has to do with the fishery. As a member who represents a fishing district in this House, I am becoming increasingly alarmed and concerned about the state of the fishery in this Province. The government has spent this last several years talking about oil and gas offshore and have neglected the fishery. I would like to ask the hon. the Premier if it is true that fishermen will have to take less for their fish this year than they did last year? And if so, why do they have to take less when there is such a demand for their product in world markets?

PREMIER PECKFORD: Mr. Speaker, first of all let me clearly indicate that it is only since a PC Government came to take the reins of power in Newfoundland that any money has been spent on the fishery.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: In 1972 there were between twenty and thirty people working full time to deliver fisheries policy for this Province through a so-called Department of Fisheries. Obviously over the last eight or nine years - how many?

MR. MORGAN: 160.

PREMIER PECKFORD: - 160 people in the Department of Fisheries, who were trying to bring in programmes and implement different bounties and subsidies to assist fishermen. Number one, Mr. Speaker. So let it be clear, the revitalization of the Newfoundland fishery has been a PC policy and not a Liberal policy.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Number two, Mr. Speaker, I call upon the member for LaPoile (Mr. Neary) to clearly and unmistakably indicate where he stands as it relates to the Northern cod situation of this Province, because that is where the future lies: It is in the fishery.

As the hon. members should know, and the hon. member for LaPoile (Mr. Neary) should know, the number one priority in the Throne Speech was the fishery, the number one priority in the Budget Speech was the fishery, the long-term viability of this Province and of our people is in the fishing industry. And we intend to leave no stone unturned to ensure that the fishermen of this Province get a good deal every year as it relates to fish pricing.

PREMIER PECKFORD:

As a matter of fact, Mr. Speaker, it was this government last Spring and Summer which brought about a resolution to the pricing to be charged for fish in 1979-80. They had to look to this government, and it was a deputy minister of Fisheries and a deputy minister of Labour and Manpower who, through the auspices of the Cabinet ministers, at the time negotiated behind closed doors over in Holiday Inn until we had an agreement, the best agreement that was possible for the fishermen of this Province for the last twelve months. And now we are being asked again; the union on the one hand is writing the companies and the companies are writing the union and keeping us informed about what the fish pricing policy is going to be this year and how it is being negotiated. And we will not take any back seat when it comes to ensuring that the fishermen of this Province get a fair and reasonable deal so that the future will continue to be bright as it has been in the past since 1971 for the fishermen.

SOME HON. MEMBERS:

Hear, hear!

MR. S. NEARY:

A supplementary, Mr. Speaker.

MR. SPEAKER (Simms):

A supplementary, the hon.

member for LaPoile.

MR. S. NEARY:

Mr. Speaker, I thought it was a Liberal Government up in Ottawa that gave us the 200 mile limit that revived the fishery in this Province.

SOME HON. MEMBERS:

Hear, hear!

MR. E. ROBERTS:

Twelve million dollars less from the Province this year on fisheries than last year.

MR. S. NEARY:

It is because of the 200 mile management zone that the fishery is as prosperous as it is today not through a Tory policy. They have not

MR. S. NEARY: built one fish plant. Since this government came in there has not been one fish plant opened in this Province.

MR. SPEAKER (Simms): Order, please!

It is clear that the question and the answer, perhaps, may have been drifting into the realm of debate somewhat and I would ask the hon. member for LaPoile (Mr. Neary) to direct his supplementary question.

MR. S. NEARY: Mr. Speaker, it is obvious that the Premier is very sensitive about this matter because he has spent so much time on gas and oil that the fishery has been drifting for the last several years. I would like to ask the hon. gentleman - the hon. gentleman did not answer my question that I put to him about whether or not fishermen would have to take less for their fish this year than they did last year. He did not answer the question, he sidetracked it and made a little political answer like he always does, waving his arms. But I want to ask the hon. gentleman now - and looking wild-eyed - what about the markets in the United States? Are their markets soft or is this just propaganda by the fish companies? Are the warehouses blocked in the United States as we were told they are? What are the future prospects, what is the future for this year as far as marketing fish to the United States is concerned? And has this government gone off to look for other markets in Europe and Japan and other countries as an alternative to sending the cod block to the United States and just following the traditional pattern that has been laid down for years by the fish merchants in this Province. What is the government doing about finding additional markets for the produce of the sea in this Province?

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

PREMIER PECKFORD: Yes, Mr. Speaker, I am only too happy to answer that. First of all, the 200 mile limit was loudly pushed by all Newfoundlanders long before the Federal Government had any intention of bringing it in.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Long, long before. There was a lot of Newfoundlanders around and a lot of fishermen around this Province who articulated and lobbied for the 200 mile limit long before the Canadian Government and other countries got around to actually implementing it. Secondly, the hon. member says there have been no fish plants built in this Province -

MR. S. NEARY: Opened.

PREMIER PECKFORD: Opened? How about Arnold's Cove? How about turning around the La Scie fish plant, which never showed a profit, which was always bankrupt that we would have to subsidize, and it is only since the PC Government came to power that the La Scie fish plant has made money and has employed 450 or 500 people per year. How about St. Lawrence, Mr. Speaker?

MR. S. NEARY: That is not open.

PREMIER PECKFORD: Did the hon. member for LaPoile (Mr. Neary) when he was a minister in a government and saw a mine close down in Bell Island, have the foresight to provide something for Bell Island like we did for St. Lawrence when St. Lawrence closed down?

SOME HON. MEMBERS: Hear, hear!

MR. S. NEARY: We opened every fish plant in Newfoundland.

PREMIER PECKFORD: Now, Mr. Speaker, the hon. member for LaPoile had to move elsewhere. He had to leave Bell Island and move elsewhere.

AN HON. MEMBER:

He ran away.

PREMIER PECKFORD:

He ran away. He should have stayed in Bell Island and built them a new fish plant because the fishery is the answer to it and not the mines and not the minerals -

MR. S. NEARY:

I thought it was oil. I thought all you know about is oil and gas.

PREMIER PECKFORD:

- And the hon. member for LaPoile - people in glass houses should not throw stones, Mr. Speaker, and I am telling you the hon. member for LaPoile (Mr. Neary) is -

MR. S. NEARY:

The oil shiek of Canada.

MR. SPEAKER (Simms):

Order, please!

It seems again that we are drifting into the whole area of debate. I will ask the Premier to continue with his answer..

PREMIER PECKFORD:

Thank you, Mr. Speaker. On the question of price, Mr. Speaker, the Fisheries Association of Newfoundland and

PREMIER PECKFORD: the union which represents the fishermen are presently structuring themselves, posturing themselves to get down to bargaining on price and that is when we become involved. We are not going to interfere. We are going to try to be positive participants if we are so asked, but in the first instance it lies on the shoulders of the union and the companies to sit down around the table and decide on how they are going to establish fish prices for 1980. If they desire or request our assistance, we will be there to provide the same kind of competent assistance as we did last Spring when they ran into trouble.

MR. NEARY: A supplementary.

MR. SPEAKER (Simms): A final supplementary. The hon. member for LaPoile.

MR. NEARY: I asked the hon. gentleman about finding new markets for the fishermen of this Province. The hon. gentleman chooses to ignore that. We are told there is a glut in the United States, but I am also told that all the warehouses in the United States are empty. What is the true situation as far as markets are concerned and is this government attempting to find new markets for the produce of the sea?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: There is a fair amount of concern in a lot of quarters right now, both federally and provincially, as you look at the United States market for certain species, that there is some fish in some warehouses, but not all species, and when you talk about fish you are including everything, but there are certain species. Now, secondly, what we did over the last four or five months, as the Minister of Fisheries (Mr. Morgan) can give a better answer than I can, we have had people in Spain, we have had people in Portugal, we have had people sitting down with the EEC to try to work out, because it is all tangled up - the hon. member for LaPoile (Mr. Neary) may not understand this - but it is all tangled up with the GATT negotiations and how you relate fish products to other farm products and other things going in and out of the Common Market. If you really want to move into the European Economic Community you have to do it through the GATT negotiations and therefore we

PREMIER PECKFORD: have had to have observer status within the Canadian delegation and to try to impress upon them the necessity for opening up and providing the levers whereby we can get more fish into the European Common Market. Given the fact that there are a lot of foreign, alien, European Common Market members who are not catching as much fish as they used to, because they do not have the same kind of access to the Atlantic as they use to have, but it is a complicated matter which involves the Government of Canada and in which we have had our input. We have been over the world trying to find additional markets. As recent as about six days ago I had meetings with a number of fish plant owners who were just back from Japan and looking at trying to expand the markets, for example, over there. So we are in consultation with the federal government in trying to look for fish markets where we can find them. If in fact there are green men on the moon and they eat fish, we will even export it there.

MR. SPEAKER (Simms): The hon. member for St. Barbe.

MR. BENNETT: Mr. Speaker, my question is directed to the hon. Minister of Transportation and Communications (Mr. Brett). I understand last year there was a commitment made by the minister to the people of Bonne Bay to have the Western side of the Bonne Bay road paved. We know the great part of this is within the framework of the National Park, but I understand the minister did make a commitment to have that work taken care of, the upgrading and paving, and I wonder if the minister would confirm that commitment at this time. In view of the fact that we have our new Budget, would the minister now confirm that indeed funds are readily available and work will go ahead as planned?

MR. SPEAKER (Simms): The hon. Minister of Transportation and Communications.

MR. BRETT: Mr. Speaker, we know the amount of funds that have been allocated for roads in the Province; the provincial amount I think is somewhere around \$15 million, but the programme has not been drawn up yet. I expect it will be done in the two weeks and then I do not mind making it public.

April 14, 1980

Tape No. 733

AH-3

MR. BENNETT:

A further supplementary.

MR. SPEAKER (Simms):

We have time for one very quick supplementary. The hon. member for St. Barbe.

MR. BENNETT:

Mr. Speaker, in that respect I will hold the question for the minister for two weeks time. Thank you very much.

MR. SPEAKER:

Order, please! The time for Oral Questions has expired.

ORDERS OF THE DAY

MR. SPEAKER:

The motion is that I now leave the Chair for the House to resolve itself into a Committee of the Whole.

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

COMMITTEE OF SUPPLY:

MR. CHAIRMAN (BUTT):

Order, please!

Consolidated Fund Service.

Shall Head I carry?

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. Minister of Finance.

DR. COLLINS:

Mr. Chairman,

DR. J. COLLINS: under this head, if I may just read out the explanatory note in the Estimates, Consolidated Fund Services relates to Budgetary expenditures under Consolidated Fund Services. These represent the management expenses and service costs to government of maintaining the public debt of the Province and of administering pensions for government and government agencies.

Mr. Speaker, this is the first head to be considered in this new decade coming out of the recently presented Budget and I do not intend at this point in time to make many remarks because I am sure hon. members will have questions coming out of the details of the Budget itself.

I might just remind hon. members though, Mr. Speaker, that, as was indicated in the Budget Speech, for the first time this year this head will include one related to a pension fund that we will be establishing for the first time in this Province, a pension fund into which government will make a contribution each year starting in a relatively small way this year but, hopefully and expectantly, building up over the years and this will help to relieve the funding of pensions for the future generations in this Province. In other words, the funding of pensions in the future will not come out of the Consolidated Fund, itself, it will come out of this special fund that we, this year, are initiating. And we will be putting in millions of dollars this year in addition to the contributions from the employees of government and government agencies. I just wanted to recall that to hon. members' minds.

Mr. Speaker, with regard to the public debt of the Province, hon. members perhaps will remember that in the Budget Speech I indicated that this year will be a heavy year for us in terms of borrowing. We will be required to borrow a little over \$289 million this year. Now, a large part of that borrowing is related to non-Budgetary items. In other words, we will have to retire and roll over a higher percentage of debt this year than has been the case for many years. I believe it is the highest retirement rate in the history of the Province. We will have to roll over, refinance over \$148 million this year. That accounts for, to a very large degree, the large borrowing requirements this year. As a matter of fact,

DR. J. COLLINS: the Budgetary requirements, the requirements in the actual Budgetary process itself, are just over \$140 million this year and this amount is considerably less than last year. I just wanted to bring out that point.

Now, hon. members will know that this is going to be a difficult year in the bond markets of the world. We have been receiving excellent advice from our new fiscal agents. Officials in the department have been spending many hours assessing the changing picture presented by the financial markets in the country and in the United States and elsewhere and matters change almost from day to day. We will have, therefore, to take possibly innovative steps this year to fulfil our Budgetary requirements. We will have to time our borrowing very carefully to make sure that we get the best deal for the Province. In particular, we will have to take as many steps as we possibly can to avoid locking ourselves into high interest rates with the thought that these interest rates will come down over a period of time and it would be not in our best interests to have very long-term borrowings locked in at high interest rates.

MR. E. ROBERTS: Does the minister really feel that the rates are going to come down?

DR. J. COLLINS: Well, there are varying opinions on that.

DR. J. COLLINS: I think the consensus is that borrowing rates will come down for a period of time later this year. That consensus I think is becoming more solid. Even in the last week I have had some discussions with people who are knowledgeable in the money market and I understand from them that this consensus is widening and that we can expect that there will be a drop in interest rates later in the year. Now how long they will stay down, whether they will come down in a consistent basis, or whether they will come down for a short time and then go up and then come down again, these are the difficult decisions to make. If we do get a temporary drop we will have to be ready to take advantage of that drop. But we are alerted to the problems in this area and we are trying to make as many preparations as we possibly can to achieve the best result for the Province.

Mr. Chairman, I do have notes available to me and there are officials also available to me outside for any additional information that hon. members may require as they go through the estimates. So I think I will leave it at that at the moment.

Thank you.

MR. CHAIRMAN (Butt): The hon. member for LaPoile.

MR. NEARY: Mr. Chairman, I have a number of questions that I will be asking the minister when we are going down item by item under this heading, Heading I, Consolidated Fund Services. But I just want to, as a sort of an introduction to some of the questions that I want to ask the minister, I want to follow up on something that he himself just said, that the Department of Finance will have to take innovative steps, I think was the way he put it, this year in order to cope with a very difficult situation in the financial market, in the money markets.

I do not know what the hon. gentleman meant by innovative steps, I would like for him to elaborate on that a little

MR. NEARY: more, but I certainly detected grave concern on the part of the hon. gentleman for the amount that we are going to have to borrow this year which is in the vicinity I believe of \$289 million, which is a record, I believe. I believe that is a record for this Province. It is the highest amount that the government has ever had to borrow in its whole history, \$289 million. And, Mr. Chairman, it is worth keeping in mind that while the government is borrowing at a record rate of \$289 million, they have cut \$50 million out of capital expenditure, cut \$50 million out of capital expenditure this year, which means that it is going to be a long hot Summer for people who are looking to the Department of Transportation, for instance, to have their roads repaired, to have some road work done. It is going to be a long hot Summer for those people who are looking to government for a drop of drinking water. And it is going to be a long hot Summer for those people, especially the ones the Premier was so concerned about today when he entered into the realm of federal jurisdiction when he cannot even cope with his own problems here provincially, and I am referring to housing, the government has cut \$50 million out of capital expenditure, which means the housing programme is going to suffer in this Province, and that falls under Provincial jurisdiction. While at the same time, Mr. Chairman, at the same time I have to point out to the House that we are collecting sales tax at a record pace. The government really are hoping that inflation will continue because the worse that inflation gets the more revenue the Province collects. Last year the government collected \$15 million more than they expected to collect because of inflation. The government has an interest in inflation, the worse it gets the more sales tax the government collects. Every time an item goes up ten cents, the government collects one cent, 1.1 cent.

So obviously the Minister of Finance (Dr. Collins) is over there gloating and rubbing his hands and saying, "Okay, come on cost of

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MR. NEARY: living, come on inflation, keep her going,
because I am going to get more revenue."

Mr. Chairman, we heard today the Premier
coming in with a Ministerial Statement, under the guise of a
Ministerial Statement, a little bit of political manoeuvring

MR. S. NEARY:

and political trickery that the hon. gentleman is becoming noted for in this Province, entering into the federal jurisdiction and saying, "I am concerned about the interest rate." Well, what about the retail sales tax - 11 per cent - that the hon. gentleman collected \$15 million more last year than he expected to collect? Why did he not give some relief to the consumers in this Province? If the hon. gentleman is so concerned about people's welfare, why did he not reduce the sales tax? That falls under provincial jurisdiction.

AN HON. MEMBER: You have got to be versatile.

MR. S. NEARY: So, Mr. Chairman, I am very concerned, and we are very concerned, about the provincial debt. And as I said before the House rose, before all of the ministers went South for the Easter holidays, that I would not mind the provincial debt being as much as it is if we had something to show for it.

AN HON. MEMBER: Did you go South?

MR. S. NEARY: Yes, and I went South too but to the Southwest Coast.

The hon. gentleman was over there today during the Question Period when he got up waving his arms, wild-eyed, starry-eyed again, getting his little darts in, probably had a meeting with Cabot and the whiz kids down in the Chateau Park down in Mount Pearl where they have their little private get-togethers and got up and thought he was being smart. If the hon. gentleman wants to move, let him move out, come on out and I will take him on any time. I do not know but I will go down in Green Bay the next time and take him on.

SOME HON. MEMBERS: Oh, oh!

MR. S. NEARY: We will find out that the people of this Province are wising up, they are getting smart, they are seeing through the hon. gentleman, the hon. gentleman who tries to portray the image of honesty and integrity in government and then

MR. S. NEARY: decides the degree of honesty that we are going to have in government. He decides, the Premier decides, the degree of honesty. He has not told us yet about Confederation Trust that the former Premier, the gentleman he succeeded, had set up for himself in the Bank of Nova Scotia, whipped \$700,000 - three quarters of a million dollars - out of Confederation Trust Fund. What kind of a fund was it?

MR. J. CARTER: What are you talking about?

MR. S. NEARY: I am talking about Confederation Trust and the hon. gentleman, I am not sure if he participated in it or not and I mean in - because I am not sure if it was a campaign fund or if it was a personal slush fund for the former Premier of this Province. And I am told that ministers were recipients of money from Confederation Trust, ministers and former ministers were recipients, three quarters of a million dollars. Was it a campaign fund? If it was fine, All parties have their campaign funds. Or was it a personal slush fund for the former Premier of this Province and, if so, who were the donors and what did they receive in return for setting up that slush fund?

MR. J. CARTER: What has this got to do with the heading we are on?

MR. S. NEARY: It has got all to do with it. We are on Finance and I want to get a few questions answered before we get all of this. And the hon. gentleman now has decided to leave the House, he can not take it. He is getting out, gone out into the back room. Well, he is going to have to answer for that Confederation Trust Fund sooner or later -

MR. J. CARTER: You bored him out of the House.

MR. S. NEARY: - and he can tell the Bank of Nova Scotia to go wherever he feels like telling them to go, but he is going to have to answer for that Confederation Trust Fund. And he is going to have to tell this House and tell the people of this Province about the three quarters of a million dollars that the hon.

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MR. S. NEARY:

former Premier waltzed off with.

If it was a campaign fund, then let him say so. If it was a slush
fund set up for the former Premier of this Province to pay

MR. S. NEARY: the former ministers and ministers, to pay them off, to bail him out, then let him say so.

AN HON. MEMBER: Relevancy!

MR. S. NEARY: Sure it is relevant, everything is relevant under this.

AN HON. MEMBER: Is it?

MR. NEARY: Yes, Sir.

MR. ROBERTS: (inaudible) is more relevant (inaudible)

MR. S. NEARY: The truth has to come out. If the Minister of Justice (G.Ottenheimer) does not take the bull by the tail, then somebody is going to have to do it.

MR. J. CARTER: Take the bull by the tail and face matters.

MR. F. STAGG: Take the bull by the shovel full.

MR. S. NEARY: Very, very funny, Mr. Chairman, very funny.

The hon. gentleman from Stephenville (Mr. Stagg) thinks it is funny for the Newfoundland people to be swindled. The hon. gentlemen have thought for several years past now that it is funny for somebody to put their hands down in the Public Treasury and steal taxpayers' money. Hon. gentlemen think and have thought for several years that that is very funny. Well, it is not funny. That is why we have such high taxes in this Province. That is why the retail sales tax is up to eleven per cent and that is why we have record borrowing and the highest debt per capita of any province of Canada, because of mismanagement and waste and squandering and corruption.

Seven years of it, Mr. Chairman, seven years of it and we have to blot it out of our history as if it never happened - as if it never happened. The present Premier likes to refer to Joey's regime, likes to refer to the Liberal days, but jumps over seven years of Tory corruption to do it. Makes no reference at all, has not - I have yet to hear him make one reference to the Moores' Administration, to the Moores' years, to the most corrupt years in Canadian history in any province of Canada. He jumps over that seven years and goes back to the Smallwood years.

MR. S. NEARY:

So, Mr. Chairman,

I would like for the hon. gentleman to get up and tell us a little more about borrowing this year. The hon. gentleman seemed to be awfully concerned and talked about innovative years. Well, I want to find out what these innovative steps are before we get off of Consolidated Fund Services. I realize, Mr. Chairman, that most of the items here are statutory under this heading. There are one or two items that I want to ask the hon. gentleman about when we get down to it. But, just to conclude, Sir, I would like to ask the hon. gentleman under this new pension scheme, how many employees will be covered under the new pension plan? How many will be contributing? Will it include Crown Corporations, and agencies such as the Newfoundland Liquor Commission and so on? And I would like for the hon. gentleman, I believe there is something like \$12,000,000 or something this year estimated to go into that fund. How much will have to be contributed from the Public Treasury and how much will be the employees' contribution?

MR. J. CARTER:

What are you talking about?

MR. S. NEARY:

What am I talking about? I am talking-

the hon. gentleman does not understand what I am talking about, Sir. And if he would only, if he would come and see me after, I mean I do not want to waste the time of the members of the House who are intelligent enough to understand what I am talking about, but in case there may be one or two who do not understand it, well the hon. gentleman mentioned funding the Pension Plan. For the first time in this Province, the public service employees' pension plan will be funded. And I am trying to find out from the Minister of Finance how many employees will be contributing, how much will the employees contribute as compared to how much will have to be taken from the Public Treasury? It presumably will be done on a fifty-fifty contributory basis. And so I would like for the hon. gentleman to give us a little more information on that particular matter. And then

MR. S. NEARY: we will deal with the other matters,
Mr. Chairman. I think we can probably - unless there are other members
who want to say something about this - that we can probably dispose
with Consolidated Fund Services fairly quickly once we get some answers
from the hon. gentleman.

MR. CHAIRMAN (Butt): The hon. the Member for the Straits
of Belle Isle.

MR. E. ROBERTS: Well, Mr. Chairman, in response to
my hon. friend's invitation, I just wanted to perhaps raise a question
or two that the Minister might deal with because I was intrigued, as
my hon. friend from LaPoile (S. Neary) was, by this reference to innovative
financial methods and I second the invitation of my friend from LaPoile
for the minister to expand somewhat on this. And I must say, I will be
intrigued by his answers. I have no idea what they will be, of course.
I long ago learned that with the present Minister of Finance (Dr. J. Collins)

MR. E. ROBERTS:

it is folly to try to predict what he will say, sheer folly, a frolicsome folly.

MR. D. JAMIESON:

There is another alliteration you could put there too, but it is obscene.

MR. E. ROBERTS:

That is correct. My friend, the Leader of the Opposition makes an observation which will not appear completely in Hansard. But, you know, the Minister of Finance is a most unpredictable man to say the least and we will leave it at that.

AN HON. MEMBER:

He is innovative.

MR. E. ROBERTS:

Well, he may be innovative. I do want the minister to tell us exactly what he means. I mean, given the general thrust of his colleagues, perhaps he is going to start printing his own money because they are not able to understand the difference between Section 91 and Section 92 of the British North America Act. But anyway, be that as it may, I do hope the minister will tell us exactly what he had in mind. That is a most intriguing word, 'innovative', and we have seen over the years many financial practices in this Province, some of them wise, some not so wise, some Liberal, some Tory, but never have I heard quite that word used before.

I want him to tell us in particular, if he would, when I get his attention, about one innovative practice that is not innovative, and that is a recent bond issue where we have been borrowing very short. Now that is a trap that this Province fell into late in the 1960s, as my friend from LaPoile (Mr. S. Neary) will realize - or not will realize, I am sorry; he realized it at the time - will recall, we started borrowing money in Germany in Deutsche marks. I do not know how it turned out, because that was before and we got very, very good interest rates. I think we were getting about 6 per cent or 7 per cent on short-term money and the Canadian rate was then 10 per cent or 11 per cent. That was before the mark began to slide against the dollar, or the dollar, more accurately, began to slide down against the mark. But the minister, I am sure, is familiar with the Halifax bridge, the infamous second bridge in Halifax, which had to be refinanced the other day. These foreign exchange rates are

MR. E. ROBERTS: very tricky and I realize that some hon. gentlemen may not be up to date on them, may not be familiar with them, I am not so sure I am, but, you know, borrowing foreign as we have been doing, and American dollars in that sense are as foreign as German marks or Swiss francs or Japanese yen or Moroccan durhams or whatever it is that we are borrowing in. The situation is not on all fours with ten or eleven years ago because there while we were borrowing short, we were getting a very preferential rate indeed.

The other day, if memory serves me, the minister announced that the Province had completed the borrowings for the 1979 - 1980 fiscal year. He announced that just about at the end of the fiscal year and if memory serves me correctly, the minister announced that the Province had borrowed \$50 million - those damned dots, as Lord Randolph Churchill once said, that keep interfering in financial matters - \$50 million, and I believe we borrowed it Canadian, I am not sure, but we borrowed it and issued, as security therefor, debentures which were five year debentures with a floating interest rate. If I recall correctly - and perhaps the minister can confirm - the floating interest rate was set as one-half point below prime. Is that correct? The minister is nodding, but I mean, I want to be sure that I understand.

DR. J. COLLINS: Fifty-five basis points.

MR. E. ROBERTS: Well, that is fifty-five basis points. For the benefit of those of us who do not know, it is .55 of an interest point. There are 1,000 basis points. The minister is a long way from pediatrics now. It is amazing how he picks up the jargon. But let us stick, then, it is about half a point below the prime rate. Now the prime rate is 16.2 as of last week. It, too, floats up and down, in and out, round and about, and will continue to float. So we are talking now, we are paying roughly 15.65 per cent for our money.

I would like to hear the minister touch upon a couple of points. First of all, my understanding is that the classic prescription for financial disaster is to borrow short and lend long.

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MR. E. ROBERTS: And we are not in the lending business, we are in the spending business in this Province, but we are borrowing very short and spending very long. I would like to hear the minister expound as to why he has led us into this particular innovative practice. There may be valid reasons. He thinks that the interest rate may go down - he may be right or he may be wrong, but I will say any person who warrants the interest rate in this country today, Sir, is a candidate for psychiatric treatment because nobody

MR. E. ROBERTS: Knows which way the interest rate is going to go. We could flip a coin, Your Honour.-

MR. CARTER: We are rolling over Smallwood's snafus.

MR. E. ROBERTS: The hon. gentleman for St. John's North (Mr. Carter) is going to warrant it.

MR. L. BARRY: We are rolling over Smallwood's snafus.

MR. E. ROBERTS: The hon. gentleman for St. John's North is obsessed as well as obsessive. We are not rolling over anything, we are borrowing new money. We are borrowing, perhaps to pay off the \$250 million that the hon. gentleman for St. John's North and his friends lashed into the folley which they took at Stephenville. We are perhaps borrowing the \$110 million that has been wasted - wasted knowingly, deliberately, maliciously and every other parliamentary adjective I can think of, Mr. Chairman - on the obscene performance in Yankee Point and in Point Amor back in 1975 when the then Premier, who was so slavishly supported by the gentleman for St. John's North! The gentleman for St. John's North, Sir, went from one end of this Province to the other supporting the former Premier, heralding him, shouting his praises from the rooftops, and from the roofs and the valleys alike, to mix the metaphor somewhat.

MR. L. THOMS: Who did that?

MR. E. ROBERTS: And we had \$110 million, Sir, the most expensive explosions. That was the one where the Minister of Mines and Energy (Mr. Barry) as he was then and now - he had a brief interruption in his career, a brief interruption at the hands of the electorate - told the House and told the public that the contracts were set to complete the project. Well, we got \$110 million socked, so we are borrowing perhaps to service that, for \$10 million or \$11

MR. E. ROBERTS: million a year.
But I am being diverted again by the very diverting gentleman for St. John's North (Mr. Carter). He is a divertissement - I see Your Honour is waving Your Honour's hands. Your Honour is either rehearsing to be Premier or you are trying to tell us something, Your Honour.

AN HON. MEMBER: I think you are right.

SOME HON. MEMBERS: Oh, oh!

MR. E. ROBERTS: I cannot even the hon. gentleman for St. John's North has been touched by the sun because he is probably the only one on the other side who did not go South. He was probably up planting savoury, one plant at a time.

Now, Mr. Chairman, I really am getting off a point which is a very serious point and I do want the minister, who switched out to turn on one of his habits I guess, probably: He cannot seek his deputy minister's advice because he fired his deputy minister. We must deal with that, by the way, the midnight phone call to Mr. Fearn, the Sunday night phone call saying that his resignation was requested immediately. Maybe ten o'clock at night, was it?

MR. JAMIESON: Krystolnacht!

MR. E. ROBERTS: Krystolnacht, the night of the smashed windows. But we must really have a look at it. We cannot ask his deputy minister's advice because he does not have a deputy minister at present. But I do want to say to the minister that we are now borrowing -

AN HON. MEMBER: Time is up!

MR. E. ROBERTS: My time up so soon? Only two minutes. But this being committee I can sit down and my friend for LaPoile (Mr. Neary) can speak for a spell. Well, I will sit down. I will come back again.

MR. S. NEARY:

Mr. Chairman.

MR. CHAIRMAN (Butt):

The hon. member for LaPoile.

MR. S. NEARY:

Mr. Chairman, I have another question for the Minister of Finance (Dr. Collins), if he intends to come back to the House. I want to find out who represents, what law firm, what lawyer represents the government in all of these borrowings and all of these -

MR. E. ROBERTS:

They will tell you the government. What you want to know is who -

MR. S. NEARY:

Look, I know what I am getting at -

SOME HON. MEMBERS:

Oh, oh!

MR. S. NEARY:

- and maybe it is not the same thing. But I want to find out who represents the Bank of Montreal?

MR. E. ROBERTS:

Well, I do not know about the Bank of Montreal. represents the bond purchasers, that is named by the government and that is where friends may show up.

MR. S. NEARY:

That is right? Who represents the bond purchaser? What legal firms handle the transactions? But I would also like to ask the hon. gentleman if he is aware that the law firm downtown who represented the Bank of Montreal has changed hands in recent times, say in the last year or so, or is that law firm still representing the Bank of Montreal and is it, if it is, if that law firm is indeed representing the Bank of Montreal, then is there any conflict of interest? Is it proper? It may not be illegal, but is it ethical and is it proper for a law firm to represent a bank that handles almost 100 per cent, I suppose -

MR. E. ROBERTS:

The Bank of Montreal is the government's banker.

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MR. S. NEARY:

They are the government's banker.

Is it possible for that law firm to have a minister in the
government.in the administration?

MR. NEARY:

Is there any conflict of that gentleman representing the Bank of Montreal who is sitting in the Cabinet at the same time? I would think there might be, Mr. Chairman, and if there is it has to come to an end. It has to stop. All these unethical practices have to come to an end, but I am not saying that it is happening. I am merely asking the minister a question. If it is happening it has to be stopped. It is a dangerous, dangerous, it is a dangerous practice and a dangerous situation.

DR. J. COLLINS: Is that a loaded question or an unloaded question?

MR. NEARY: I know members, I know ministers on the government side who would stand up in this House, and have stood up and condemned the government when they were over here in Opposition for such practices, such unethical and dangerous practices. Has it stopped, Mr. Chairman? I am asking the Minister of Finance (Dr. Collins) to tell me if that practice has ended as it should, or do we have ministers sitting in this House representing the government's bankers, the Bank of Montreal, and at the same time representing the government, the Newfoundland people? If so, Mr. Chairman, is it right? I would say, no, it is not right, and I am hoping, Mr. Chairman, that I am wrong. I am hoping that no law firm downtown represents the government bankers with ministers from that law firm sitting in the Cabinet. I am hoping I am wrong. I am hoping they had sense enough, sense enough to sever their relations, sever their ties with the Bank of Montreal. You cannot serve two masters, Mr. Chairman. You cannot serve two masters. If any members of this House, any ministers in this House represent the government bankers through their law firm downtown, they should resign one position or the other. They either resign from the Cabinet and go out and practise law or look after the government's bankers or sever their relations with the Bank of Montreal. It is just as simple as that. It is not right, Mr. Chairman, and I want to find out from the Minister of Finance if that is happening, and who the government does recommend, what law firm, what friends of theirs they recommend to look after these bond issues. And what about the Deputy Minister of

MR. NEARY: Finance and the Comptroller of the Treasury? Has the minister found one yet? Do we have to go to Europe or Siberia or Iran somewhere or Pakistan to find one? Can we not find one in Newfoundland? This crowd that talk about Newfoundland preference! Here are a few questions for the hon. gentleman to answer.

MR. ROBERTS: I want to make sure he is not (inaudible).

MR. NEARY: If my hon. friend wants to get up again, I will gladly sit down and yield to the hon. gentleman.

MR. ROBERTS: Thank you, Mr. Chairman.

MR. CHAIRMAN: (Butt) The hon. member for the Strait of Belle Isle.

MR. ROBERTS: Thank you. I again accept the invitation of my friend from Lapoile. Let me, with reference to the law firm, simply make one pointed question because the minister may try, in his usual way, to skim about and hop about on this; with reference to these bond issues so that we are all clear what happens, and I am sure the gentleman from Lapoile is clear.

MR. NEARY: No, I am not.

MR. ROBERTS: The government, I assume, were advised by their own law firm, the Department of Justice, and that is the way it ought to be, but the bond counsel - I am sorry - the bond purchasers retain local counsel, inevitably at the suggestion of the government directly or indirectly or however it is conveyed, and let us not attempt to blindfold the devil in the dark or in the House to maintain it otherwise. The minister in the past has revealed the names of those who were paid out of that. You know, let us have the names now and let us not have any nonsense that the government do not directly or indirectly - the minister may not designate them, but I would venture that whoever got it - you know, you are talking \$10,000 or \$20,000 or \$30,000 or \$40,000 which is paid by the taxpayers of this Province, built into the cost of the bond issue. You know who are they on, say, for example, that \$50 million issue.

I want to come back, Mr. Chairman, to this innovative practice, the five-year floating term. We are now doing something that Household Finance does not do, to my knowledge. They

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MR. ROBERTS: have not, as yet, discovered how to do these things. We are now paying 55 basis points below the prime rate which is at current, as of this week, subject

MR. E. ROBERTS: to whatever happens in Ottawa on the treasury bill auctions on Thursday. We are now paying about 15.65 percent. Is that below the prime or is it below the Bank of Canada rate?

DR. COLLINS: Below prime.

MR. E. ROBERTS: Below prime, and prime is 16.2.

MR. D. JAMIESON: A little higher than the Bank of Canada.

MR. E. ROBERTS: No, prime is a little higher than the bank. We are now paying of the order of 16 percent for our money.

Well, I took the trouble to look up what some other Provinces are paying on fixed term issues. These are fixed rates, they do not go up and they do not go down, and God knows they are high, but the New Brunswick Electric Power Commission recently sold a \$75 million dollar issue and the yield is 13.89 percent, the coupon price is 13.75 but, as your hon. will realize, these bonds are usually issued at a slight discount. The New Brunswick Electric Power Commission were 99.5 so the yield was 13.89. Nova Scotia, the yield 13.82, Ontario Hydro the yield 13.75. Nova Scotia was \$100 millions for five years, five year fixed terms. Ontario Hydro was a \$300 million dollar issue; \$150 million was at 13.75 and \$150 million was at 13.41 and that is a thirty year issue, that latter one. Hydro Quebec are yielding a little more than 14 percent, which is the bond market's judgement, I would guess, on the chances of Hydro Quebec being free Hydro Quebec or free Quebec Hydro whatever it is called. I am not going to get into the pejorative business of our interest rates being high; we all know they are high and we all know that the minister is not going to be able. I assume he wants to lower them, he is not going to be able to lower them. He can prate and prattle about reviews by Dunn and Brad and by reviews by Moody's and Standard and Poor; you know, the fact remains that at least in the foreseeable future we cannot count on an upgrading of our rating. We can hope we get some more money from Mr. Laugheed in Alberta.

MR. E. ROBERTS:

To show you how much money Laugheed

has, my hon. friend spoke of the contribution to pensions. You know what Alberta's contribution to pensions was this year? \$1100 million dollars. They have got so filthy much money out there, it is not filthy money, but they got so filthily much money they can take \$1100 million dollars, not too far of our entire net expenditure in the Province, and slock it into a pension fund. That is not counting the heritage fund, that is not counting their surplus, that is not counting the fact they have no taxes and no municipal debt, that is simply what they have got left after they brought in their budget. Anyway, I would like to know exactly what the minister can tell us about this innovative practice because it seems to me that this is a very slippery slope that the minister has put us upon. And perhaps he can tell us why. I know he will say his advisers tell him, but the advisers are not elected, the advisers are not answerable to this House, the adviser are not asking for money from this House, it is the minister in each case doing that. So, is this what we are going to be doing? Are we going to be going on with floating rates two points above what are being paid by comparable Provinces? New Brunswick's rating is really no better than ours, Mr. Chairman, in the market. I do not know, ours varies in each of the two services, it is different in each of the two rating services. But New Brunswick and Nova Scotia are at best marginally better than us, no significant improvement, they have not got the tripple A rating of Ontario. I suppose Alberta probably rates the bond service, not the other way round, given what they have out there right now. But, you know, here we are, the minister's innovative practice, Mr. Chairman, has produced a situation where we are at lease two points above - not faces, that is 200 basis points, but two full points, 2 percent, \$2000 on every hundred every year above the interest rate being paid by our sister Provinces, the Provinces next door to us,

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MR. E. ROBERTS: the Provinces whose fiscal situation is not very different from our own. And perhaps the minister can tell us why he has chosen this, why are we in the five year floating interest rate? And if the interest goes - if prime goes to 20 percent as it well might; it is conceivable that it could; it has gone to that in the States - then we are going to end up paying 19.5 percent in this Province, thanks to the minister's innovative practices. So, he possibly

MR. ROBERTS:

could be a little more forthcoming from the Committee on this. As I say, it is a very slippery slope we are on. You know, I am not talking about the size of the debt. I am not talking about the fact that we have to borrow. Those are separate problems and that is not why we are here. What I am on is the type of borrowing that the minister is going in on, and that was last year. Heavens knows what he is going to get us into in this financial year.

I would also like to re-emphasize the comments of my friend from LaPoile (Mr. Neary) about Mr. Fearn. Mr. Fearn was fired, dismissed. From the information that I have, I would say on extraordinarily high authority. Mr. Fearn was sent for by the minister at nine or ten o'clock on an evening and told, "Come immediately, I have a message from the Premier for you".

MR. NEARY:

Right on.

MR. ROBERTS:

And the message was, "Mr. Fearn, I want your resignation, please". And, you know, the minister really has not been forthcoming.

MR. NEARY:

He was also Comptroller of the Treasury.

MR. ROBERTS:

And as Comptroller of the Treasury he is a servant of this House.

MR. NEARY:

Right on.

MR. ROBERTS:

In fact, his salary is on exactly the same par, same footing, Your Honour, as is the salary of the Auditor General. They are the only two people in Newfoundland today who draw money from the public chest whose salary is not voted by this House each year. It is statutory and it is simply noted here in these estimates as it ought to be.

MR. NEARY: And he is responsible for enforcing the Financial Administration Act.

MR. ROBERTS: Right. And I want to know exactly what deal, if any, was made with Mr. Fearn in return for his resignation. I want to know why he was dismissed-and he was dismissed. And with all respect, if the minister says he was not I will have to accept his word, but I will tell him I will not believe him because the information which I have which comes from the extraordinarily high authority in this matter - and that is as far as I shall go - is that Mr. Fearn was dismissed. I do not say he was dismissed without reason. That is what I am trying to find out. Callously, brutally, without notice, without warning, whether it was justified or not I know not. But I would ask the minister, I think this is the time and the place when he should tell the House exactly why he did it. I think it was a Sunday evening, if I am not mistaken, but it was an evening; nine or ten o'clock the phone call came.

MR. JAMIESON: The better the day the better the deed.

MR. ROBERTS: My leader says, 'The better the day the better the deed.' In that case the minister did a terrible disservice to a Sunday to do a deed like this on a Sunday, if in fact it was. But the story should come out. There is no reason it should not come out in full and now is the time to do it, Sir.

MR. NEARY: Mr. Chairman, before the hon. gentleman rises to -

MR. CHAIRMAN (MR. BUTT): The hon. member for LaPoile.

MR. NEARY: - answer all the questions that we have put to him, now that the Premier is back in the House I want to direct a message to the hon. gentleman. The hon. gentleman was absent when I put a question to the Minister of Finance (Dr. Collins) that I am now going to put to the Premier. Does the Premier feel comfortable having in his Cabinet a minister, or two ministers representing high posts, senior positions in the administration, and at the same time representing the government's bankers, the Bank of Montreal? Does the hon. gentleman feel comfortable about that?

MR. ROBERTS: If it exists.

MR. NEARY: If indeed it does exist. What will the hon. gentleman do about it if it does exist? Will he take steps to force

MR. NEARY:

these two minister either to resign from the Cabinet or sever their ties in their relations with the Bank of Montreal? Now, Mr. Chairman, we are in Committee of the Whole here and we are discussing financial matters and I want to find out the feeling, the position of the Premier on this particular matter that I consider to be a very, very significant and a very important matter, a very dangerous situation where you have a minister or a couple of ministers serving two masters and that cannot be allowed to continue, Mr. Chairman. The gentleman who portrays the image of honesty and decency and integrity in government, now is his chance to stand up and tell us, "No, that kind of situation does not exist in my administration. There are no ministers in my Cabinet who represent the Bank of Montreal, the government's bankers and put themselves in a conflict of interest situation". Can the hon. gentleman stand up and tell the House that, put my mind at ease, put the minds of the Newfoundland people at ease? Can the hon. gentleman stand in his place and make a categorical statement that nobody in his government, in his administration, represents the Bank of Montreal? Now is the time for him to do it.

MR. S. NEARY:

You cannot serve two masters, Mr. Chairman, as I said a few moments ago, and if that kind of situation does exist it has to be stopped. We will find out now how sincere the Premier is. Does the hon. gentleman decide the degree of honesty and integrity, does he set the standard, or is he going to go all the way? Or does the hon. gentleman have any intention of answering the questions at all? We are in Committee of the Whole. This is the time we are told by the Premier on a number of occasions, "Oh, ask all the questions you like and we will give you the answers; the harder the questions the more answers you will get." Well, I am putting a question to the hon. gentleman now, and if the hon. gentleman chooses to ignore the question then I will only have to assume, Mr. Chairman, that the hon. gentleman has something to hide. The truth will win out in the end. Mr. Chairman, we have to have an answer to that question before we can pass these estimates. That question must be answered by none other than the Premier. Did the Premier insist, did he demand, did he say to his ministers when they were chosen, 'If you have any conflict of interest situation, if you are in a situation where it might even only appear to be a conflict of interest, cut your ties, sever your relations, otherwise you do not serve in my Cabinet?' I have never known a Cabinet in this Province where you had a minister or two who, at the same time they were sitting in the Cabinet, represented the government's bankers, the Bank of Montreal. Now the hon. gentleman has left the House again, but we will be on this subject until the hon. gentleman returns to his seat, and if he has the courage of his convictions he will get up and answer the questions, Or is he too preoccupied with going out and doing a little press interview? Is that more important than answering questions in this House? Is he being taken down to a little private office now where he can wave his arms and look wild-eyed and shout, roar and bawl? Is that more important than sitting in this House and giving answers to questions that are put to the hon. gentleman by the Opposition, important questions, or will he go out and tell the press before he tells this House? The hon. gentleman, has he developed that kind of arrogance and contempt for the House and for the people of this Province? I will stay here until Hell freezes over to get the answer to the question because I, and

MR. S. NEARY: I would assume that most members of this House, on both sides of the House, do not think that that is right to have a law firm with a couple of ministers, senior ministers, representing the government's bankers at the same time. Is that ethical, my friend? I ask my hon. attorney here, is that ethical? It may not be illegal.

MR. THOMS: It certainly is not ethical.

MR. NEARY: No sir, it is not ethical, It is highly unethical. And these two members have to make up their minds. They are either going to serve the Bank of Montreal, or they are going to serve the people of this Province. It is just as simple as that.

AN HON. MEMBER: One is in a vulnerable position.

MR. NEARY: Yes, Mr. Chairman, one is in a very vulnerable position as my hon. friend says, a very very vulnerable position indeed and it is no laughing matter it is a pretty serious matter. Can we be so greedy, Mr. Chairman, that we cannot afford to pay our ministers enough that they have to go and rake it in from the government's bankers? Either we are being penny wise and pound foolish or somebody is awfully greedy. They will not cut their relations with their - I am not asking them to give up all their clients, but I am certainly asking them to sever their ties with the Bank of Montreal with which the government is doing business day in and day out. There is hardly an hour in the day

MR. S. NEARY: goes by when government is not doing business with the Bank of Montreal. And not only that, Sir, what happens, Mr. Chairman, as my hon. friend the member for the Strait of Bell Isle (Mr. E. Roberts) says that he presumes that the Justice Department, the lawyers in the Justice Department give counsel to the Minister of Finance (Dr. J. Collins) on financial matters regarding the floating of bond issues and so forth. Well, who gives the Minister of Finance advise and counselling on matters involving the Bank of Montreal? If a dispute arises between this government and the Bank of Montreal, who gives the advise if it is not the Minister of Justice (Mr. G. Ottenheimer) -

MR. D. JAMIESON: Or the President of the Council.

MR. S. NEARY: - or the President of the Council (Mr. W. Marshall)? Never before, Sir, in the history of this Province have we seen such a glaring example of conflict of interest. And the Premier, when I asked him the question to tell us it is not so or it is so, and I hope it is not so, he leaves and goes strutting down to his commonroom to get a little mike stuck in front of him so he can get his gob on television again, waving his arms, looking wild-eyed, rather than stay in this House and give the people of this Province the information they should have. And if he remains silent on this matter, I can only assume that the hon. gentleman has something to hide.

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

DR. J. COLLINS: Mr. Chairman, the speakers from the other side, the hon. members raised a number of points that I will try to go down through. The point that was raised by both hon. members in particular was in regard to the steps that the government is contemplating to fulfill our financial requirements and I will get to that in just a moment, but I will just clear off a few others first.

The hon. member for LaPoile

(Mr. S. Neary) indicated that we had cut our capital expenditure this year, our budget for capital expenditure, and wondered what

DR. J. COLLINS: effect will this have. Well, all I can say to that is that it was a very difficult exercise to decide which capital expenditures to fund with the funds available to us. Now, the hon. member did mention roads. We would have been able to do a lot more in regard to roads, and I am not going to go into this in any great detail because it will come up again, no doubt, when my colleague, the hon. Minister of Transportation and Communications (Mr. C. Brett) brings in his estimates, but I will just say that if various DREE agreements had been brought into effect, we would have been able to do a lot more in terms of roads as it has not been brought into effect.

SOME HON. MEMBERS: Oh, oh.

DR. J. COLLINS: In regard to housing, the hon. member also mentioned that, I would point out that in the Budget Speech I did indicate that in addition to the Provincial Home Ownership Grant Programme, we were bringing in a new programme, the Rural Lending Programme which will be helpful in this regard. So we have done as much as we could within the limits of the restraints placed upon us to take care of the Rural Lending Programme.

MR. D. JAMIESON: On mortgages?

DR. J. COLLINS: Yes, on mortgages, but this will be helping in the housing area.

Now the hon. member also mentioned about retail sales tax, that we have increased collections; that is a fact. To some extent it was due to inflation, in another respect it was due to the increased efforts we have been making in terms of conducting audits and conducting collections. I might say that the provincial government is not unique in achieving some benefits from inflation; the federal government of course is in exactly the same position, but the federal government in terms of income tax even gets more return out of the inflationary pressures put upon us because, of course, income tax are marginal -

MR. E. ROBERTS: Be fair now.

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DR. J. COLLINS:

- whereas our retail sales tax, of

course, is at the one rate.

DR. J. COLLINS: The hon. member wished to know about the numbers of pensioners and the numbers of contributors to our pension fund and our pension plans. At the present time there are 3,300 pensioners actually receiving pensions from the government. Now, in terms of contributions, there are contributions made by government employees which currently approximate 10,000. There are also contributions made through the open vote of 6,000 but, of course, many of those contributions ultimately end up as refunds also. In what might be termed the quasi government group there are 9,000, and that group consists of employees of Hydro, employees of the Newfoundland Hospital Association, employees of the Newfoundland and Labrador Housing Corporation and also non-professional workers on the school boards. So there are 9,000 in that group. Then there is the Constabulary; there are 1,000 in the Constabulary pension fund, and in the teachers, the N.T.A., there are 9,000. That brings a total of 35,000 pension contributors at the present time.

Now, the government this year will be contributing to the newly set up fund approximately \$12.5 million. The fund will be set up, hopefully, in July, so that \$12.5 million will cover the remaining months in this fiscal year from July 1st onwards.

The contributions from the employees in these various groups that I have mentioned will pretty well equate what the Province is putting in, so the employees will also be contributing approximately \$12.5 million to the fund.

MR. D. JAMIESON: If the hon. the minister would not mind.

DR. J. COLLINS: Surely.

MR. D. JAMIESON: I will not be long.

MR. D. JAMIESON: I am just wondering: Looking at the demographics, as I am sure his officials must have done, you are bringing in a very large number at this end, obviously some of them must be quite elderly. Is the total likely to go up or down over the next decade let us say?

DR. J. COLLINS: The total number of pensioners?

MR. D. JAMIESON: Of pensionable public servants. You are collecting a large number into it as at the present moment. You outlined 1,000 Constabulary, which is surprisingly high, incidentally, and a number of others.

MR. E. ROBERTS: That is four times the strength of (inaudible).

MR. D. JAMIESON: I am just curious as to whether or not, in terms of the funding exercise and how much it is going to cost you in the future, whether it is anticipated that the total number of public servants at any one time who are in the pensionable category is likely to be higher or lower as the years of this funding progress?

DR. J. COLLINS: Well, I do not have figures available, but one can certainly say this, that it will increase. And this is why government was so concerned to start funding pensions. Because of the increasing liabilities placed on government through its pension obligations, if we had not started funding, not too far into the future we would be actually paying out more than we are taking in. I do not think we are at that crossover point yet, but at the present time we are actually taking in more in terms of contributions and putting those into consolidated funds than we are actually paying out in pensions. But that would soon reverse itself and we would get into an increasingly difficult situation. So this is why government was so anxious to set up the fund that would be available to take care of our responsibilities in the future. And we have just made a step this year. Hopefully next year and the

DR. J. COLLINS: years after that, we will be able to put more monies in there so that ultimately all, or essentially all our obligations will be funded. And this will be a protection, of course, to generations that follow us.

Now, another point that was brought up that I would like to dispose of at this point was this business of conflict of interest. I can tell the House that there has not been any change to the arrangement in terms of legal advisors to the Bank of Montreal, which has been in place for I do not know how many years, but certainly for a long number of years there has not been any change in that nor did government see any need to make such a change. Not only has the Bank of Montreal performed very satisfactorily for government in the past, but it continues to do so, and

DR. COLLINS:

we have seen no reason to review that. Whether we will in the future, I cannot say. We may well do so, but at this point in time it was not an exercise that we had to get into. We saw no need to do it and there was not any change made. There was an indication that the Bank of Montreal is the only banker for the Province. I do not think that is strictly true in this -

MR. ROBERTS: The government's banker.

DR. COLLINS: - the government's banker - but the government is into quite a number of activities where banks are concerned now, and hon. members will recall that, in terms of the Fishery Loan Board, we have been dealing with, I think there were six or seven banks now setting up an arrangement there to take over much of the funding of the Fishery Loan Board. These covered all the major banks, and I would suggest that if we require that all banks that had anything to do with government had to drop their present legal advisors, I suggest we would be in a rather tricky situation, and I do not know if the banks would take very kindly to our suggestion because we would be impinging on their own prerogatives. Certainly I would not be blame them if they said that they will give us the services and they will take their own advice, the advice available to them, in terms of whichever legal counsel they wish to get.

Now, Mr. Chairman, that brings me, I think, to this point about innovative steps, and I may well have used the wrong term there -

MR. ROBERTS: Oh, no!

DR. COLLINS: - but what I meant by that -

MR. ROBERTS: You know, it is fascinating and you probably should not have said it, but it is an accurate term, I fear.

DR. COLLINS: Right. What I meant by that, and to this extent I was not by any means inaccurate, is that the normal practice in the past was for the government to look to the long-term, the normal commercial, long-term bond market to satisfy its budgetary requirements. Now, I do not really need to go into a long dissertation on this, because even

DR. COLLINS: those, perhaps, who have not, like myself, been forced, perhaps, to pay more attention to it than I normally would. Even those with just a casual acquaintance with what is going on in the financial world these days know that the long-term bond market now is almost non-existent. It comes and goes, perhaps, on a temporary basis, but it is a very, very insecure - compared to previous years - market. So when I say innovative, I say that we cannot rely on that to the almost, shall we say, 90 per cent that government relied on in the past; that is not available to us now to that extent, so we have to look to other means. When I say innovative, I do not mean that these other means were never used in the past, they have been used in the past, but I am saying that we will have to place more reliance on them. The one that we will particularly have to bear in mind and one that, as the hon. member for the Strait of Belle Isle (Mr. Roberts) mentioned, we had to take advantage of just recently was the private placement. What happens there is that a group of investors, usually institutions of one form or another, will get together and they will offer to buy government bonds in a certain amount and for a certain term and at a certain rate, and that if government on the advice of the experts available to it decides to go into that, those bonds are not then let out to the public. They are placed with this private group. We did that just recently. As a matter of fact, I think the deal will be closed tomorrow. All the work has been done in regard to it, but it will actually be finally signed, sealed and delivered tomorrow, and we borrowed \$50 million. As the hon. member for the Strait of Belle Isle mentioned, we will be borrowing at a floating rate related to prime but will be below prime, below the ongoing bank rate. I might say prime is now fixed at that which several major banks will set. It is not just the prime of a particular bank, it is an agreed upon, shall we say, average of several major banks. We will, therefore, pay the interest on these bonds at whatever that prime is. Now, at the present time, that prime rate is high, there is no getting away from that. It is very high, but on the other hand if the prime rate comes down,

DR. COLLINS:

so the rate we pay will decline, will go down. And we are getting in that term, we are getting in that meaning, a very good rate. Prime rate, as hon. members know, is what the banks give to their most trustworthy customers, and I do not think there is anyone in this House or there is almost a commercial firm in Newfoundland that fits into that category. You have to be, I almost said, Chrysler Corporation, but that could be a bad one to pick. You would have to be General Motors or whatever to get prime rate. But we, in actual fact, in this private placement we are getting the lowest prime rate, we are getting over a half per cent below prime rate. So in that term that is a very good rate. Now you say, 'Why do we go into this?' And I am not sure I am -

MR. CHAIRMAN (BUTT):

The hon. minister's time has expired

and by leave -

MR. JAMIESON:

I will have to put a question to permit

the process to continue.

MR. CHAIRMAN:

The hon. Leader of the Opposition.

MR. JAMIESON:

With respect to your comparison between the prime rate and General Motors and private corporations, surely they are not in the same category as government. As my hon. friend, the member for the Straits of Belle Isle (Mr. Roberts) quoted, there are rates being given to various public utilities, and indeed I expect to some governments. So that I do not think the hon. the Minister of Finance (Dr. Collins) was intentionally drawing an improper conclusion, but it surely is not correct to say that we are doing as well as any borrower in comparable circumstances, that is a government or a government agency or Crown corporation, these are in quite a different category, I think he would agree, and they are not paying the prime of six and a half or six and three quarter as the case might be. Is that not correct?

MR. CHAIRMAN:

The hon. Minister of Finance.

DR. COLLINS:

Mr. Chairman, no, I cannot accept that.

I think we are comparable to this degree that if other governments, except

DR. COLLINS:

for possibly a few like, say, Ontario or Alberta or whatever, but certainly the other Atlantic governments, if they went to get the same sort of private placements funding they would have to pay comparable rates to ourselves. In that way we are comparable. Now I think what one has to understand here - and the hon. member for the Straits of Belle Isle (Mr. Roberts) did mention it - that the Province of Nova Scotia and the Province of New Brunswick recently did sell on the long term market bonds at a rate of approximately 14 per cent, perhaps a little bit less than 14 per cent.

MR. JAMIESON:

Yes. I can give the hon. the minister the figures, and I just wondered, maybe they are not on all fours. That is why I am asking the question. New Brunswick was thirteen and three quarters with a yield of ninety-nine, fifty and it was not long term in that sense. They got about \$75 million in five years, extendible to ten. And Nova Scotia the same, thirteen and three quarters and also five to ten so that the yield in each case is about the same, 13.82 per cent. Then Ontario Hydro got thirteen and a quarter and Hydro Quebec, of course, which is perhaps in a somewhat different position, was around \$100 million on a 14 per cent coupon with a yield of ninety-nine, seventy-five. So that basically those are considerably below the "Prime Rate" that we have been talking about. That is why I am asking, how does the minister compare saying that we are getting as good as anybody because I do not think we are.

DR. COLLINS:

Because, as the hon. member suggested, these are not comparable, these are not apples and apples. New Brunswick, for instance, is now paying, on the bond issue, is now paying 13.82 for five years extendible to ten. That means that they are locked in for ten years. It means that the investor at the end of five years, he can decide himself whether to refinance that but he does not have to do it. If the interest rates go down he clearly will not do it because he will be getting a base of 13.82 per cent and he will only refinance at the end of five years if interest rates have gone higher

DR. COLLINS:

and it is to his advantage to reinvest at a higher rate. But the point is that New Brunswick and Nova Scotia now no matter what happens to interest rates from now on they are locked in for ten years at paying 13.82 per cent on their bonds. Now the private placement does allow us after two years to get out. That is one thing that is in our favour. Secondly, the interest we pay will go down as prime goes down. Now granted,

DR. J. COLLINS:

it will go up as prime goes up, too. But the advice we have had is that prime has peaked or very nearly peaked now. The expectation is that it will decline over the medium-term anyway. Things are so volatile it is difficult to know what they will do over the long-term, but over the medium-term, the short medium-term, I suppose, if one wanted to be really accurate, the rates will tend to come down, and we can, therefore, expect to pay less than we are paying now when they do come down and we can, after a period of time, after a short period of time, we can actually re-finance this. We can get out at a much shorter date than New Brunswick and the other provinces can get out. So these are not really comparable. The advice given to me was that the reason why Nova Scotia and New Brunswick decided to go this way was that their cash requirements were actually quite urgent. It is a sign of weakness to have to go into the market with this extendable type of offering and, of course, the federal government recently had to go into the market in the same way; their cash requirements were very urgent and the only way they could see their way clear to sell their bonds was to go in with this extendable type of issue which is really a sign of weakness. Now, we have our requirements but they were not quite that urgent. We felt that we could, by doing a relatively small borrowing - and I am not saying that \$50 million is a very paltry amount of cash, it is not, not in my terms anyway - but certainly in terms of what we will ultimately need, \$50 million, and we will have to raise this year something over \$240 million exclusive of what we can get from the Canada Pension Fund, that is a relatively small amount. So we just needed a small amount to carry on, we did not need to go into a large borrowing at this point in time, whereas these other provinces did and had to go in and lock themselves into what most people say you would only get into now if there was absolutely no other way out. So the private placements, although it is not a new thing, the Province has done that in the past, and Newfoundland Municipal Financing Corporation did it once before, it is not a new thing, but

DR. J. COLLINS: it was not used very often but it is a dodge, if I want to put it that way, that is available to us to tide us over and that is one of the things we are using. Now, another thing that is available to us, and we have investigated this, we have not proceeded with it yet but we have investigated it, and that is to get into what is called syndicated bank loans, This is where a number of banks will get together and they will offer funds, usually at prime plus a small amount, perhaps a quarter, something of that order, but there is no waiting period to get out of that. Again that can carry you through a very difficult period. As soon as it is more advantageous to you to come out of that and get into longer term borrowing, well then you can come out immediately. You do pay that high rate during that intervening period, but it is only for a short period of time and at the end of the year, if you tot up your interest that, say, goes on for a month or two and then you go into a longer term at a lower interest rate, at the end of the year you might be paying out less than if, at the beginning of the year when interest rates were not in your favour, you locked yourself into a longer term you actually may be spending more money in the long run. So that is another dodge available to us. Another one that is available to us, of course, and we have used in the past on two occasions, and we certainly hope and intend to do it again, and that is to have a bond issue through the Alberta Heritage Trust Fund and there, that is attractive to us, that even though rates may be high at the time at least we will get them at the lowest available to any province. We will get them at the equivalent of a triple A rating and this is the only market -

MR. JAMIESON:

That is the Alberta stuff.

DR. J. COLLINS:

Under the Alberta.

- available to us at the equivalent of triple A other than the Canada Pension Funds, We essentially get the Canada Pension Fund borrowings, we will be borrowing something like \$44 million this year from the Canada Pension Fund. We will get that at the federal government borrowing rate, which is triple A. So we can get triple A there, we can get triple A borrowing from the Alberta Heritage Trust Fund,

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DR. J. COLLINS: and those are the only two sources
of funds available where we get the equivalent of a triple A and we
intend to use that when the time is propitious.

DR. J. COLLINS: Another thing that is available to us, again, not new, is Treasury bills. We, at the present time, auction off \$5 million of Treasury bills each week and we have been holding that limit at the present time to a total of \$65 million outstanding. Now, we can actually go beyond that. We could, say, even double it if it is advantageous to us in the short-term to auction off, say, \$10 million of Treasury bills each week. And what we pay on Treasury bills is very close to the bank rate. Again, that is not cheap borrowing, but in a volatile market where things are very unsettled, it is quite a good rate to get very close to the federal government bank rate.

Those are some of the arrangements that we could bring into effect. Now, clearly, if the traditional long-term bond market were as it always was - it was relatively easy to get into and rates were modest, usually lower than the short-term rates and so on - we would clearly prefer to get into that. But that is not the case at the present time, so these are, shall we say, holding actions until we can see that the long-term bond market is improving and then we will be ready to go into that as soon as it is to our advantage to do so.

The last point with regard to the deputy minister who is no longer with us, the deputy minister sent in his resignation. We received the deputy minister's resignation and that is as far as I can go on that statement. He submitted his resignation, it was an amicable arrangement and we then embarked on a campaign, which is really wrapped up by now. We have in, I think, all the applications we are likely to receive - there are something in the order of fifteen, I think, applications, and all but very few seem to come from very reputable and expert people. We are now in the process of putting together

DR. J. COLLINS: a review committee which will go over these applications and hopefully we will be able to come up with a recommendation for appointment. I cannot say how long it will take. At a guess I would say in six weeks or eight weeks, something of that order, we will be in a position to move on any recommendation brought forward.

MR. D. JAMIESON: Are you going to -

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

MR. D. JAMIESON: Just a quick question again. Have you made any move at all with regard to separating the position of Comptroller of the Treasury from Finance Minister or does the job definition on which presumably your consultants are working embrace the two positions?

DR. J. COLLINS: At the present time the advertisement does embrace the traditional arrangements, but, as I indicated, I think, in answer to a question some time ago, this was a matter that we have done some study on. Government has not made a decision on that yet. I do not think an appointment under the traditional arrangements would preclude us from doing that if we wish to do it in the future.

MR. D. JAMIESON: You would have to change the act.

DR. J. COLLINS: We would have to change the act. We would have to make an arrangement or come to an understanding with someone who is appointed under the old arrangement and so on and so forth. I do not think that would be impossible to do, but it is a matter that is still under study.

MR. CHAIRMAN: The hon. the member for LaPoile.

MR. S. NEARY: Mr. Chairman, I want to get back to this very controversial matter that I raised a few moments ago. I asked the hon. the Premier to give me the answer and

MR. S. NEARY: he got up and went out of the House and went with a reporter down to his common room. And then I asked the Minister of Finance (Dr. J. Collins) to give me the answer, to give me his opinion whether or not it is proper for two ministers to serve in the Cabinet while at the same time they are representing the Bank of Montreal, the government's banker. Now, I do not know whether the Minister of Finance misunderstood my question or whether he deliberately twisted the question.

MR. NEARY: The hon. gentleman gave me the answer by saying government saw no reason to change its legal counsel who deal with the Bank of Montreal. That was not the question, Mr. Chairman; that was not the question. The question is, and I want to ask the Minister of Finance (Dr. Collins) again in case he does not understand me, let me see if I can make myself clear. As I understand it, and so far it has not been denied even though the gentlemen have been seated in this House when I asked the questions, and if they were hon. gentlemen they would get up and admit that they are representing the Bank of Montreal, or they would say, 'No, it is not true! I am asking the hon. gentleman if, in his opinion, he thinks it is proper for two of his colleagues in senior Cabinet positions, serving the people of this Province, to also act on behalf of the Bank of Montreal who are the government's bankers? Is that proper? Is it ethical? I doubt very much, Mr. Chairman. I would not be a bit surprised but, under the conflict of interest laws of this Province, it is illegal. These two ministers have placed themselves in a conflict of interest situation.

MR. J. CARTER: What are you talking about?

MR. NEARY: I am talking about two ministers in the Peckford administration, two senior ministers who represent the government bankers, the Bank of Montreal.

AN HON. MEMBER: Which two?

MR. NEARY: Which two? Well, Mr. Chairman, do I have to write the hon. gentleman a book? If the Minister of Finance, for instance, if the Minister of Finance needs legal advice, he has to go to the Minister of Justice and the Attorney General for advice when a dispute arises between the Minister of Finance and the Bank of Montreal. But, if he goes to the Minister of Justice, the Attorney General, and he is also representing the Bank of Montreal, what kind of advice in the name of God is he going to get? Why even the lawyers in this House cringe at the thought of that, ministers serving two masters. If the hon. the Premier had the courage of his convictions he would come back into this House and reassure the people of this Province that that is going to end right now, and that that is going to end just as abruptly as Fearn lost his job, and Fearn was fired.

MR. ROBERTS: No doubt about it.

MR. NEARY: He was fired, was asked for his resignation. The two ministers whose law firm down in the Royal Trust Building represents the Bank of Montreal, they should all be fired out of the Cabinet. The Premier, if he is sincere in telling us that he wants to run an honest, decent government, a government of integrity, a government beyond approach, if he wants to run that kind of an administration now is the time for him to stand up and be counted. Or is the Premier of this Province going to decide what is ethical in his opinion and what is not ethical? Is he going to set the standard? Are we going to have standards now set by the Premier of this Province or are we going to follow traditional standards?

Mr. Chairman, to my knowledge, never before in the history of this Province have we had not one but two ministers sitting in the Cabinet also representing the Bank of Montreal, the government's bankers. That is improper, unethical and probably illegal. These two ministers have sat there for the whole afternoon while I have stood in this House trying desperately to get information for the people of this Province of whether or not that is correct, of whether or not the Public Treasury is wide open. Hon. gentlemen can very easily say, well, the two hon. gentlemen in question are decent, honourable people, they are honest people, they would not do anything wrong, they would not do anything to leave the Public Treasury open, they would not favour the Bank of Montreal in their other capacity - the Bank of Montreal is their client - they

MR. S. NEARY:

would not do that. Well, okay, I may agree with that but it is not right, Sir, it is improper and the Premier of this Province has to clear that matter up this very day, this afternoon, if he has the courage of his convictions, Or is he going to be born again whenever he feels like it? Is he going to say, "Lord, I have lived in sin for the last seven years, I have been a drunkard for the last seven years and I have been a cheat for the last seven years, but now I am born again."

MR. D. JAMIESON:

Back-sliders, you call them.

MR. S. NEARY:

"And we have to forget all this stuff about ministers being in conflict of interest, push that out of your mind, I am an honest Premier. I am honest. Look, Newfoundland people, I am honest. I am God's gift to you Newfoundlanders so believe me when I say my ministers would not do anything wrong." Well, they may not do anything wrong but the temptation is there as long as they are serving two masters. It is there, Mr. Chairman, and I am asking the Premier now to tell me how in the name of Heaven his Minister of Justice (Mr. G. Ottenheimer), who also represents the Bank of Montreal, can give the Minister of Finance (Dr. J. Collins) advice when a dispute arises between the Minister of Finance and the Bank of Montreal? How can he do it? What kind of advice would he give? What kind of advice would the President of the Council (Mr. W. Marshall) give to the Minister of Justice if he was called upon to do so? If, Mr. Chairman, I say if his law firm was representing the Bank of Montreal, what kind of advice would the President of the Council give the government and the Minister of Finance? What advice would he give? Would it be convoluted, twisted, distorted? Would it be straight from the shoulders, straight from the heart? Let either one of the ministers get up in his place in this House and tell us.

You can not have that kind of situation, Mr. Chairman. We have had too much of that in the last seven years. And I call upon the Premier now to get up and make a

MR. S. NEARY: statement in this House this very afternoon and clear this matter up and straighten it out. And I hope the hon. gentleman can get up and tell the people of this Province, reassure the people of this Province, that he does not have a minister in his Cabinet or two ministers in his Cabinet who are serving two masters or are looking after the affairs of the Bank of Montreal while they are attempting to look after the affairs of the people in the Public Treasury.

I am asking the Minister of Finance (Dr. J. Collins), who did not answer my question, who pussy-footed around, skated around it, if the hon. gentleman thinks that it is proper for two of his colleagues - I am asking his opinion - does he think it is proper for two of his colleagues to serve in the Cabinet while at the same time representing the government's bankers, the Bank of Montreal? That is what I am asking the hon. gentleman. As private clients outside the Cabinet, the Bank of Montreal, a client! That is what I am asking the hon. gentleman to give me an opinion on and I will gladly take my seat and wait for the hon. gentleman to give me his opinion.

MR. W. MARSHALL:

Mr. Chairman,

MR. CHAIRMAN (Baird):

The hon. the President of the Council.

MR. W. MARSHALL:

Mr. Chairman, I just have to, because my name has come into this with the hon. member. It is not unusual for the hon. member to bring other person's names and other person's private capacities into the debate. He has done it before. I could, Mr. Chairman, table Hansard for preceding sessions of the House where this subject has come up; I shall refrain from doing it. I shall also refrain from getting into the type of debate that the hon. member has gotten into himself, except to say to the Committee that there has been no secret, as a matter of fact, the hon. gentleman there opposite has seen to it that there is no secret, neither should there be any secret, as to who has acted from time to time for the Bank of Montreal. I myself have had

MR. W. MARSHALL: the good fortune since 1958 to represent that particular bank, over twenty-one years, as I have had the good fortune to represent a number of clients in this Province.

I will only say, Mr. Chairman, as far as I am concerned I would point out the fact that as everyone knows I carry on a practice of law as well as being in the Cabinet. There is nothing illegal, there is nothing wrong with that. Let the record show that as far as my recompense from the government comes, I receive half salary so that I can continue on on that particular basis and that is the way I have done it.

On the other situation, Mr. Chairman, there is no conflict. There is no conflict with respect to it

MR. W. MARSHALL:

because insofar as any relationship of the government with any clients that I may represent at any given time, I have assiduously refrained, both while I was in the bankbenches, while I was in the Cabinet of the previous administration and while I was in the Cabinet of this administration, and certainly when I was a member of the Opposition, because the hon. gentleman there opposite, namely the member for LaPoile (Mr. Neary), was not taking my advice at that particular time, to give any advice in relation to any relationship between the government and any clients who I may represent at periods of time.

Now let me also say, Mr.

Chairman, that I have made it a practice, and one of the reasons why I severed in 1970, when I went into the Cabinet, a very satisfactory relation with two or three other persons, very prominent in the practice of law, was because at that time they did happen to be involved in the type of practice that would from time to time involve them with the government on a direct basis. The point is this: I have at all times - you will not find my firm my firm at any time representing the bond purchasers for the government, you will not find my firm representing any Crown corporation or any corporation that this government has done business with from the point of view of trying to scale in clients because of my position in the government because, quite fortunately, Mr. Chairman, I do not need to. But from the point of view of my previous associations, I have kept my previous associations - sure. I have kept my previous associations just as certain members of the House on both sides because they have kept their occupations, have kept their investments and kept their ~~own~~ - as I say, their personal worth at the particular time since that time. But I have been very careful at all times and I shall continue to be careful

MR. W. MARSHALL: not to give in any way any advice to the government with respect to clients which I represent and more than that, Mr. Chairman, I do not have any intention to explain any farther than to make that particular statement. I debated as to whether I would get up on my feet because, quite frankly, had it been brought up by another member of the House I would have been quite happy to get up on my feet and make a statement. But in commensurate with the regard that I have for the hon. member for LaPoile (Mr. Neary), I decided in his case it was better just to sit down and not bother to reply, but since he has been so persistent with it I get up and make this brief response to his charges and point out that he is a past master at this game but I do not intend to get into the dirt with the hon. gentleman, Mr Chairman.

SOME HON. MEMBERS: Hear, hear!

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

MR. D. JAMIESON: Mr. Chairman, first of all I deeply regret that the President of the Council (Mr. Marshall) has chosen to, I think, misinterpret the approach taken by the hon. member for LaPoile on what I suggest is a most serious matter. I do not believe that there were - I listened throughout the whole of the afternoon. I do not believe there were - and I think I am quoting the hon. the President of the Council correctly when I say he used the expression 'smear tactics' or something like that - I do not believe that was the case. But let me say that, I believe the hon. member for St. John's East and the President of the Privy Council (Mr. Marshall) is a thoroughly honourable man. There is no more honourable man in this House, and I do not believe that that is really the issue that is at stake here anymore perhaps than

MR. D. JAMIESON: precedent is at stake here. It seems to me that increasingly and properly, and this government at least by its words and some of its actions has indicated that it believes the principle, that there is truth in the old adage that it is not enough to appear to be right, that you must also be right. And I think what has been raised here, and I would far rather discuss it in the broader context of where conflict of interest is going to lead us in public life, incidentally not only in this Province but elsewhere, than simply to talk about it in any specific term. But it does seem to me that the member for the Strait of Bell Isle (Mr. Roberts) and the member for LaPoile (Mr. Neary), both have raised an interesting point. I do not think there was any reflection or any suggestion of impropriety or anything of that nature

MR. JAMIESON:

but there is a matter that I believe deserves and warrants sober and non-controversial discussion. I do not know what the forum is in which it ought to take place, but there is the question of whether or not people who are charged with being members of the government of this Province, who have assumed those kinds of responsibilities, whether the appearance or even the suggestion that their private enterprises are in some way or other capable of being an influence for good or bad - by the way, incidentally I think it is equally as true that good advice can be given by somebody who is in a conflict of interest situation as bad advice can be given. But I do believe that the hon. the President of the Privy Council (Mr. Marshall), having said what he has said and said it very openly and very frankly, I think that it behooves him and perhaps the government in total to examine this whole question. And while I am on this subject it seems to me that perhaps I can stand before this hon. House as one of those who was a real victim in many respects of the kind of thing that we are talking about here now, when the former federal Minister of Finance, totally unjustifiably and in a whole variety of ways with regard to my business holdings brought up this same kind of thing. Incidentally, I did not at that time accuse him of smear tactics. I accepted the fact that visibly and openly, although I knew everything to be absolutely correct, that it was probably inappropriate in the circumstances and I think the public and this House know the action that was taken as a result.

But the truth of the matter is that we are into a period - I may say, by the way, in passing, that I am inclined to think with the British parliamentarians, and if the Chairman will forgive me, let me recall an incident that I had with the former Prime Minister of the United Kingdom when he made the comment to me with regard to this whole issue of conflict of interest that those who are going to break their oath, there is nothing very much you can do to stop them and those who do wish to do it equally so, there is not very much you can do to stop them. In other words there is a tendency, I think, in the British tradition which perhaps we are not following now

MR. JAMIESON:

to be in fact more open, more broadminded, if you wish, more trustworthy of each other. But that is not unfortunately the situation that we have here in this Province or unfortunately in all of Canada right now. So I say to the hon. the leader on the government side (Mr. Marshall) that despite my willing acceptance and assurance that there is nothing that he has done that could in any way reflect upon his honesty, that there is a situation here that in fact has the appearance at least of being one that contains an element of impropriety. And I ask again in the same light as my two hon. colleagues have asked, what is the situation when distinguished members of the government of this Province, their advice is sought on matters relating to certain private interests that they may have. And I think that is a very genuine interest. I think it is a very genuine problem.

Incidentally, and being perfectly open about it, in indicating to you that I am not in any sense discussing anything other than what I think is a very important principle, it always amused me and still amuses me that it is quite appropriate for a farmer or a fisherman who may have enormous holdings to get up and speak for that particular constituency when he is a professional farmer or a professional fisherman, let us say, or whatever the case may be, or a teacher or anybody of that sort but that in some way or other it is not quite the same in other kinds of professions or in other kinds of ways. So what I am suggesting here, Mr. Chairman, without going into detail, and I only do it in response to the statement made by the President of the Privy Council (Mr. Marshall) is that this is an issue that I think ought to be looked at dispassionately because there are two sides to it. We are in this Province not exactly blessed, I suppose, with a huge population and the likelihood of us getting reputable people into public life is likely to decline in direct proportion to their capability of being able to make a decent living in public life. And consequently, therefore, unless we are going to move to a situation where we have a full time situation for public men, then obviously what we must

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MR. JAMIESON:

do is come to grips with this issue. And I invite the Premier, whom I know has been listening to me with the same dispassion that I have been implying in my remarks,

MR. D. JAMIESON: to set up in some way or other not a witch hunt, nothing of that kind, but merely a study group, if you like, to ask ourselves and to be perfectly open with the public of this Province in this particular case as to what is appropriate for people in the legal profession or the broadcasting profession or whatever it may be. But I do say that my friend, the member for LaPoile (Mr. S. Neary) has a perfectly legitimate point and I think it is inappropriate to accuse him of in some way or other using smear tactics when he raises what is unquestionably -

MR. S. NEARY: The people's business.

MR. D. JAMIESON: The people's business, I agree. And the issue and the answer is not yet, in my judgement, satisfactory to say that, 'Well, in those kinds of issues I absent myself or I do this or I do that.' I have been through all of this and I know that it is not enough to say, 'Well, look, I have an interest in this case so I will not sit in while this is being discussed.' The presence is still there, in a sense; the knowledge is there, the awareness is there, and it has about it a ring of impropriety, if you like, or an ethical sliding aside of standards that I believe we should most seriously look at. And believe me, I say this as someone with long experience and for whom it is not likely to matter all that much, but I say it because I think that honourable men will recognize that there is merit in the issue that the member for LaPoile and the member for the Strait of Belle Isle (Mr. E. Roberts) have raised.

MR. E. ROBERTS: Mr. Chairman -

MR. W. MARSHALL: Mr. Chairman.

MR. E. ROBERTS: Alright, go ahead.

MR. W. MARSHALL: I would just like to say, Mr. Chairman, that I appreciate the remarks made by the

MR. W. MARSHALL: hon. the Leader of the Opposition with respect to this matter. I do not really feel - we are maybe talking about semantics here. When the hon. the Leader of the Opposition refers to the fact it has an air of impropriety, I do not think he was talking about it directly. But the thing that I do object to - not what the hon. the Leader of the Opposition has said - is that I do not think one person in one person's own personal situation should be put up, you know, on the cross, as it were, or in the pot so it can be boiled publicly as an individual. The fact of the matter is as far as to whether or not there is a conflict of interest position, I think that one of the major things that this party has done is to bring in conflict of interest legislation. Now that, obviously, can be improved on, but one of the main items of the conflict of interest legislation is that there is revelation of the interests that a person has. There is revelation of whatever private interests that a person may have so that the public can then judge and assess his actions in relation to those, which I think is most necessary.

Now, I welcome what the Leader of the Opposition is indicating. He has made it much more broad than the hon. the member for LaPoile (Mr. S. Neary). He referred to his own specific case and it is the only reason why I refer to it now, that he had been subject to such inquiries, and I remember I noted them at the particular time with a certain attitude that there is no need to go into now. But we could go through each member of this House, Mr. Chairman, I am sure, and ask as to whether or not somebody who has a certain position - I will not even name specifics - or a certain occupation or certain employment or certain assets or what have you, has a conflict of interest. But I think it comes down to the fact that when

MR. W. MARSHALL: people seek public office, they put themselves on display as we all do, that their interests are brought forth to the people of the Province so that the general public, as such, can judge accordingly as to how they are acting. And this is as far as it can be done. But I mean, if you are going to get to the stage that to become a member of this Legislature a person has to completely denude himself of any relationships he may have had with other people, of any assets that he may have had, of any business that he may have, I again say, absenting myself from that, but talking about other hon. members, that we are going to have a very poor representative House of Assembly itself, because you are certainly cutting down the area of people that can be involved in it.

So that is the situation. And as I say, I welcome the remarks made by the hon. the Leader of the Opposition and I welcome him making them broader than the hon. the member for LaPoile (Mr. S. Neary) chose to do, he has made it, perfectly proper, more broadly written in asking these questions. Certainly, these are questions we should all be concerned with, but I suggest that we should be concerned with them not with respect to the individual situation of one particular person because then what you have is the whole system falling down and the whole, as a matter of fact, falling down of all the parliamentary democracy.

As far as I am concerned, I have no secrets. My conflict of interest position has been filed. Anybody who wishes - there has never been any secret as to who my clients are, most people know them. That I have acted for the Bank of Montreal has been known since 1958 - God help me -

MR. ROBERTS: the present government have not been the only people who have done it, I have no hesitation in saying. But it is a practice that ought to be ended. Bond purchase counsel, in that context, serves no legitimate purpose that cannot be served at lesser cost to the people of this Province. But the situation of members who happen to be lawyers is a difficult one. There are six or seven or us, I think, in the House who are members of that bar - there may be others who are members of other bars but, you know, I can look around. The Minister of Education (Ms. Verge), as far as I know, is still a member of the bar and entitled to practice law in this Province. She is not in practice, as far as I am aware, is not associated with any firm. The member from Mount Scio (Mr. Barry) is certainly entitled to practice law in this Province and is not in practice. They are both in the Cabinet. The member for Stephenville (Mr. Stagg) not only is entitled to practice law but is practicing law, as is the member for Grand Bank (Mr. Thoms) and as am I. I think I have named all of the members who are members of the bar. We are proportioned -

AN HON. MEMBER: You missed one.

MR. ROBERTS: Oh, I am sorry, of course, my friend from Twillingate (Mr. W. Rowe) and I am not sure whether he has a certificate to practice law actively or not. I gather that may be the subject of some controversy at a not too far distant time but, be that as it may, he is not engaged in the practice of law.

The point is a good one. A private member, obviously, Mr. Chairman, is in a different position. It is impossible if you are practicing law in this Province, I would think, not to represent clients who have some dealings with the government because the government's activities are so all-embracing and touch upon so many facets of our life. That is not a conflict of interest. I do not even think it is a conflict of interest that I currently represent a client who is suing the government over a motor vehicle accident and, in due course, one of the Minister of Justice's lawyers will, presumably, appear in a court

MR. MARSHALL: now 22 years since I have gotten out of law school.

MR. ROBERTS: God help them.

MR. MARSHALL: I beg your pardon?

MR. ROBERTS: God help them.

MR. MARSHALL: Well, God help them maybe but, you know, that is the situation, and I have made no secret of it as I know other members have made no secret of their situation. I re-emphasize and adamantly indicate to this House that never once have I acted, and nor would I act, not me, I am not the only one, nor would any other member on this side or, presumably, anyone on that side of the House act in a manner that is going to bring them in conflict, that is, is going to enrich them personally for the sake of a client while serving the public interest.

MR. CHAIRMAN: (Baird) The hon. member for the Strait of Belle Isle.

MR. ROBERTS: Mr. Chairman, you know, I think my friend from Lapoile (Mr. Neary) has done a service in raising this matter, and I think it is an important one, and it does not refer directly to the President of the Council (Mr. Marshall). The only reason that, you know, any individual is involved is the well-known legal method that one has to argue from - the law is made up of a lot of particular cases and one has to speak of the facts as they are. I want to say, first of all, I want to make it very clear as I sent a note to my learned friend, the President of the Council, to tell him that my references about bond purchase counsel which, I think, are a political patronage and not as a justifiable one. I do not think they would - with my friend, as far as I know, his firm has never acted in that connection. I have no knowledge of it. As he was speaking, it suddenly came to me that perhaps it could be construed that way, and I want to be very clear that I have no knowledge of his firm having acted but I still feel that this whole question of bond purchase counsel is a burden upon the people of the Province. I will not say it is an illegal one, but I will say it is an unnecessary one. It simply means to put \$10,000 or \$20,000 or \$30,000 into a law firm that supports the government in power. You know,

MR. ROBERTS: to defend their motor vehicle claim.

I hope, you know, that is settled on what I consider to be the merits, in which case the judge will rule in the favour of the client for whom I am acting. You know, you cannot practice law in this Province, Your Honour, I would think, on any general practice basis without from time to time being asked to represent a client who may have some dealings with the government, and that is not a conflict of interest. You know, the conflict of interest is using their knowledge improperly. The problem we are concerned with here is, I think, the particular situation of a part-time minister, and perhaps that is the answer to it. The Minister of Justice, to my knowledge, is listed as counsel to law firm with which he is associated and, certainly, there is ample precedent for that. His predecessor as Minister of Justice, I believe, in fact, was there -

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: I am sorry?

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Well, whether that is wrong, there is ample precedent for it, but certainly I think we are in a little different situation. Not only that, I was never associated with a law firm in any way until I became unemployed in October, 1977, and, you know, I not only had some time but had the necessity to make a living, and then became associated with the law firm with which I am still involved. The point is the difficulty of a minister who is a part-time minister, and it does not really matter whether the minister is a lawyer or not, I think the problem has to be looked at in the context of a part-time minister. Now, I have every sympathy with a person, a man or a woman who finds himself in the position of wanting to accept the invitation of a Premier to join a Cabinet and make a contribution there but, at the same time, does not want to give up his private activity, in this case, a legal practice. It could be a medical practice. It could be any number of things, but I think that is where we should perhaps cast our concern as well. You know, ought any member of the House invited by the Premier to join a Cabinet to be in a position where he has any other employment, except that of being in the Cabinet for which he is paid a salary that is certainly not what a member could make from the practice

MR. ROBERTS:

of law. I think my friend from Stephenville (Mr. Stagg) and my friend from Grand Bank (Mr. Thoms) would concur that a minister's salary would not compensate for the income they would forego if they were to go into the Cabinet. But that presumably is the decision each of us must take. And I do not say that in any censorious way of the gentleman from St. John's East (Mr. Marshall). I can say that not only has he been involved in representing the Bank of Montreal to my knowledge for twenty or twenty-two years but I venture to say that the firm of which he was formerly a part and presumably the firm that, you know, as a result of the connection with that firm he became involved in the affairs of the Bank of Montreal, the legal affairs, that the Bank of Montreal was represented by other members of that firm for many years before him, you know, and when the firm dissolved, I think it was when Senator Cook was made a member of The senate the firm dissolved, the bank had to choose where they were to go and they chose in their wisdom to go with the gentleman for St. John's East. As far as I know that is the fact and I have no hesitation in saying so.

The question is simply one of, ought ministers to be full-time or ought they to be part-time and that, I think, is probably why the problem has arisen here. It could equally arise with a doctor. If the gentleman for Exploits (Dr. Twomey), who is in his non-parliamentary capacity a distinguished medical practitioner in this Province, were to be invited to join the Cabinet as Minister of Health or as a Minister without Portfolio, ought he to be able to carry on a basis of part-time practice and part-time minister. I think that is the problem to which I would invite the Premier to direct attention. It has got nothing to do with the gentleman for St. John's East (Mr. Marshall). I can quite understand the Premier wishing the advice of the gentleman for St. John's East. I would simply say that in my opinion the gentleman for St. John's East or any other member ought to be in a position where he gives out advice constantly, day in and day out and ought to be remunerated on the same basis as any other minister. I think that is the problem.

MR. ROBERTS:

The Leader of the Opposition (Mr. Jamieson) made some very pertinent remarks on conflict of interest. Our legislation requires disclosure. That does not in itself make anybody honest and if somebody wants to be dishonest I venture to say that it is not beyond the wit of man or woman to devise ways to rip off without having to breach the conflict of interest laws. The real standard of honesty is going to be the individual standard of honesty. And I would conclude by saying to my friend from St. John's East (Mr. Marshall) I quite understand how he felt because I sat over there one day as a full-time minister and I would invite him to go back to the Hansard to look up some questions he asked, about some purchases that had been made by a hospital that was not under my control, that bought some stuff, drugs or whatever they were, from a firm in which I had by virtue - certainly my father did thirty years ago, I have had and have and hope to go on having an interest which I declare under the conflict of interest legislation. And I recall I was the subject of a quite savage debate one night. No charges were made but the thought was that perhaps I had directed the General Hospital Corporation, and anybody who thinks Mr. Cam Eaton, who was then Chairman, would be directed by the Minister of Health to do anything that was improper even if the Minister of Health was to do anything improper and that I suggest was not the case, you know, does not know Mr. Eaton or that board.

So I have every sympathy with the minister but I would simply say that that is probably the slings and arrows of outrageous fortune. I think that is the first time I have mentioned it to him since the night that happened and that must be ten years past now. The problem is one of part-time ministers and I think that that is the one we must come to grips with because as long as we have a part-time minister the appearance is there. And if it is to be a case of Caesar's wife, that is fine, we must deal with it. A private member, I do not see any problem there at all. If a client

MR. ROBERTS:

chooses to deal with a private member who is a lawyer, then he knows what he is getting, be it a government supporter or an opposition supporter and if the member does anything improper I have no doubt it will come out, If the member attempted to say, Well, I have friends in the ministry. I can get you something you ought not to get and I will charge you a fee as a lawyer for doing that, that is improper, that is a conflict of interest. I have no doubt that would come out. I have enough faith in one thing and another these days. Now I think I have probably taken my ten minutes. In any event, I believe I will say for our part we will give leave to allow the House to go on to do some business that my friend, the House Leader on the other side, wishes to do with reference to committees.

MR. MARSHALL:

Please rise the Committee.

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:

Mr. Speaker, the Committee of Supply has considered the matters to them referred, has made some progress and ask leave to sit again.

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

MR. SPEAKER:

The hon. President of the Council.

MR. MARSHALL:

Mr. Speaker, before adjourning there are a couple of motions that I would like to pass. First I would like to

MR. W. MARSHALL: advise the House and Your Honour that the Striking Committee has met pursuant to Standing Order 117 (1) and has made a recommendation to the House which I am now going to embody in a motion.

I move, Mr. Speaker, that the following constitute members of the Government Services Committee, Resource Committee and Social Services Committee respectively: The Government Services Committee to be comprised of the hon. the member for Kilbride (Mr. R. Aylward), the hon. the member for Conception Bay South (Mr. J. Butt), the hon. the member for Eagle River (Mr. E. Hiscock), the hon. the member for Burin - Placentia West (Mr. D. Hollett), the hon. the member for Terra Nova (Mr. T. Lush), the hon. the member for Bay of Islands (Mr. L. Woodrow) and the hon. the member for Stephenville (Mr. F. Stagg).

The Resource Committee to be comprised of the hon. the member for Burgeo - Bay d'Espoir (Mr. H. Andrews), the member for St. John's West (Mr. H. Barrett), the hon. the member for Windsor - Buchans (Mr. G. Flight), the hon. the member for St. Mary's - The Capes (Mr. D. Hancock), the hon. the member for Placentia (Mr. W. Patterson), the hon. the member for Baie Verte - White Bay (Mr. T. Rideout), the hon. the member for Trinity - Bay de Verde (Mr. F. Rowe), the hon. the member for Fortune - Hermitage (Mr. D. Stewart), the hon. the member for Menihek (Mr. P. Walsh).

The Social Services Committee to be comprised of the hon. the member for Humber West (Mr. R. Baird), the hon. the member for St. Barbe (Mr. T. Bennett), the hon. the member for St. John's North (Mr. J. Carter), the hon. the member for Port de Grave (Mr. R. Collins), the hon. the member for Port au Port (Mr. J. Hodder), the hon. the member for St. John's Centre (Dr. P. McNicholas), the hon. the member for Fogo (Mr. R. Tulk),

MR. W. MARSHALL: the hon. the member for Torngat Mountains (Mr. G. Warren) and the hon. the member for Exploits (Dr. H. Twomey).

I would ask, Mr. Speaker, with the consent of the House that this motion be passed and I will follow it with the referral of the Estimates.

MR. SPEAKER (Simms): It is moved and seconded. You have heard the motion. Those in favour 'Aye', contrary, 'Nay', carried.

The hon. the President of the Council.

MR. W. MARSHALL: Mr. Speaker, I now move, pursuant to Standing Order 119, that the following heads of expenditure in the Estimates be referred to the Resource Policy Committee: Number one, Head 11, Mines and Energy; number two, Head 14, Fisheries; number three, Head 15, Industrial Development; number four, Head 16, Rural, Agricultural and Northern Development; number five, Head 12, Forestry Resources and Lands; and number six, Head 13, Tourism, Recreation and Culture.

I further recommend that the following heads of expenditure be referred to the Social Services Committee: Number one, Head 7, Justice; number two, Head 10, Health; number three, Head 6, Education; number four, Head 9, Consumer Affairs and Environment; and number five, Head 8, Social Services.

I further move that the following heads of expenditure be referred to the Government Services Committee: Number one, Head 19, Municipal Affairs and Housing; number two, Head 18, Public Works and Services; number three, Head 5, Labour and Manpower; number four, Head 4, Finance; and number five, Head 17, Transportation and Communications.

MR. SPEAKER: You have heard the motion. Those in favour, 'Aye', contrary, 'Nay', carried.

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

MR. W. MARSHALL: Mr. Speaker, I might just also add that these Committees will meet in accordance with the Standing Orders to elect their chairmen and in due course they will, within the prescribed period, within fifteen days, report back to the House.

MR. E. ROBERTS: Fifteen days from tomorrow (inaudible).

MR. W. MARSHALL: Yes, fifteen days from tomorrow. I have also asked the Clerk of the House to supply us with a tentative agenda for the various committees, the idea being the same as last year, that there will be three committee rooms available. It will be scheduled as two committees at a time. That may not be the way that it works out, but there will be another committee room available so three can meet at a time if they want to. Of course, the committees, themselves, will set their own times of sitting and the frequency of sitting within the period.

Having said that, Mr. Speaker, I move that this House at its rising do adjourn until tomorrow, Tuesday, at 3:00 P.M. and that this House do now adjourn.

MR. E. ROBERTS: Mr. Speaker, only one brief question on the adjournment.

MR. SPEAKER: The hon. the member for the Strait of Belle Isle.

MR. E. ROBERTS: Carrying on with Head 1, 2 and 3 tomorrow?

MR. W. MARSHALL: (Inaudible).

On motion, the House at its rising adjourned until tomorrow, Tuesday, April 15, 1980 at 3:00 P.M.