

PRELIMINARY  
UNEDITED  
TRANSCRIPT

HOUSE OF ASSEMBLY  
FOR THE PERIOD:  
3:00 p.m. - 6:00 p.m.  
TUESDAY, APRIL 29, 1980

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER (Simms):

Order, please!

STATEMENTS BY MINISTERS

MR. SPEAKER:

The hon. Minister of Mines and Energy.

MR. L. BARRY:

Mr. Speaker, I have today filed with the Resource Policy Committee on the Estimates a copy of the two letters concerning offshore ownership which passed between our Province and the federal government in 1974 and 1975. These letters followed several years of fruitless negotiations.

I have asked the Clerk to distribute copies of these letters to all hon. members. And you will notice in the letter from the Government of Newfoundland that we requested, at that time as a basis for negotiation, federal acceptance of our right to have a substantial degree of control over offshore petroleum activities.

The federal government in its response was not prepared to accept this pre-condition for further negotiations and took the position that the matter should be referred to the Supreme Court of Canada.

Our government, as you know, has since continued to assert our ownership of offshore resources and the right of control which flows from such ownership.

Now, Mr. Speaker, I have taken the opportunity of filing these documents at this time because of the confusion which has been created by the assertions of members opposite that there is no real difference between their position and the government's position or between the government's position and the position taken by the federal government in Ottawa. I would just like to refer you, Mr. Speaker, briefly to the letter sent by the Government of Newfoundland where it asks whether the federal government will agree to the Province having a substantial degree of control, and the response written by the then Minister of Energy, Mines and

MR. L. BARRY:

Resources, Mr. Donald MacDonald,

where it is stated that they have reviewed our position referred to in the letter and say, "This review has demonstrated that substantial differences exist between our respective positions on ownership and jurisdiction."

So, Mr. Speaker, I would say that out of the documented evidence filed here today you will see as a matter of record that the federal government acknowledges that there is a substantial difference between the provincial position and their position. And I might note that this exchange of correspondence took place following meetings between myself, the hon. John Crosbie, the hon. Donald MacDonald and the present Leader of the Opposition, who was then a member of the federal Cabinet. And the first letter by us refers to the fact that this Fall discussions that were held

MR. L. BARRY:: with the present Leader of the Opposition and Mr. MacDonald, so that the hon. member opposite should have had available the clear position of this government on the question of offshore ownership and jurisdiction and it should be clear to him that there was, when he was a member of the Federal Cabinet, a substantial difference between our position and that accepted by the Federal Government. And really what the people of this Province now want to know is whether there still exists that substantial difference of opinion.

SOME HON. MEMBERS: Oh, oh!

MR. L. BARRY: Mr. Speaker, I ask that the Clerk arrange to have copies of this distributed to hon. members.

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

MR. D. JAMIESON: Well, Mr. Speaker, I do not propose to abuse the rules of the House, as I suggest the hon. minister has, by entering into debate. It is not even a Ministerial Statement, I suggest to you, Sir, it is a tabling of a document. Furthermore, it was an ad lib statement which I did not have the opportunity to examine ahead of time. It is interesting that on this particular occasion, when it suits the hon. member's purpose, he is quite prepared to accept some of the acts of the previous administration. On a great many other occasions the previous administration and what it was prepared to do or did do, is anathema to hon. members opposite.

I, therefore, say simply, Sir, that I suggest to the hon. member once again that I quite sincerely believe that it would be far better to discuss this whole issue in what I am quite prepared also to say would be a non-partisan way. And I think also that if documents of this kind are to be tabled, that is, a partial record then I think also that it would be appropriate for this House and for the people of Newfoundland to see what happened in subsequent years, particularly as it relates to the planning for and the build-up to

MR. D. JAMIESON: the Federal - Provincial Conference on the constitution and also many of the documents which were discussed among the officials and some of the agreements that were actually reached. I am aware, as the hon. member knows, that these documents exist. I will show them to him privately if he so desires. But, in any event, Mr. Speaker, I do not think that this is the appropriate time for me to say anything other than that we will take a look at these documents now that we have them.

ORAL QUESTIONS

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

MR. D. JAMIESON: I have a question for the Minister of Finance (Dr. J. Collins). Can the minister indicate anything further with regard to the unfortunate confusion that continues to exist surrounding the Come by Chance oil refinery? I ask him the initial question; I may have a supplementary for the Minister for the Minister of Mines and Energy (L. Barry). But we have seen now two or three different statements, one indicating that the chances are minimal that Petro-Canada will be interested in this facility; others, from the minister, I believe, giving a more optimistic outlook; could he please give us an up-to-date assessment or an up-to-date report on what is happening with regard to the Petro-Canada involvement?

MR. SPEAKER (Simms): The hon. the Minister of Finance.

DR. J. COLLINS: Mr. Speaker, the last time I had a conversation with the President of Petro-Canada, which was approximately ten days ago,

DR. J. COLLINS:

I believe, he told me that they just about had their team of experts in place at that time and this team of experts had been gathered together from across Canada and, I think, to some extent down in the United. It was necessary to do that because these people had to have a lot of familiarity with the intricate details of the technicalities of a refinery and especially in view of the fact that there have not been that number of refineries that have been mothballed for this length of time, certainly at tide-water where the possibility of deterioration from salt water spray and so on and so forth may be more serious than, say, inland mothballing, so this team of experts have to be very carefully put together. But at that time my understanding was that that team had just about been put together and that the first members of that team were about to visit the refinery.

Subsequent to that, a short while later, I had some conversations with some of the people in the refinery area and they indeed told me that there had been some individuals go there and I think these were the same individuals, the individuals they were referring to were the vanguard, shall we say, of this team of experts.

So from that I think one can say that the first phase of the inspection has begun and I have no further information since that time nor would I expect any at this stage. I would expect that a report, and this would presumably be just an initial or interim report, would now take a matter of a number of weeks. And that report presumably in the first instance would go to Petro-Canada and they have undertaken in the letter of agreement with us that any such information will then be sent down to the co-ordinating committee which is set up between the Government of Newfoundland and Petro-Canada so that each side is fully informed as to the sequence of events.

MR. D. JAMIESON:

A supplementary, Mr. Speaker.

MR. SPEAKER (Simms):

A supplementary, the hon.

Leader of the Opposition.

MR. D. JAMIESON:

Very specifically, have Petro-Canada, in fact, informed the minister or any of his associates that the likelihood of their acquiring the facility or putting it back into operation is, in fact, about 30 per cent positive as opposed to 70 per cent presumably negative? Have they actually used those figures or have they given the impression that it is not a very likely prospect certainly given those percentages? Have they made that kind of a statement to the minister or to anyone with whom he is associated?

MR. SPEAKER:

The hon. Minister of Finance.

DR. J. COLLINS:

Mr. Speaker, the hon. Leader of the Opposition and,

DR. J. COLLINS: I am sure, all members are aware that the President of Petro-Canada used that particular figure in an interview a couple of weeks ago and to get clarification on that, that was the reason why I contacted Mr. Hopper and where I got that information I just mentioned. And I asked him specifically whether this was a new assessment on his part, that is what I was interested in. Because I do not think a percentage figure means anything really. This is a very subjective thing in my view. But I was interested to know whether he had any reason to have made a new assessment from the time the representatives of Petro-Canada had reached the agreement with us, and he assured me that there was no new information that would cause him to make a new assessment. So presumably if he had been thinking of the figure of 30 per cent, and he himself readily admitted that he is not himself a technician and he had no new technical information available to him, he indicated to me that his assessment at the time he mentioned that figure was no different from his view of things when we reached our letter of agreement.

What I am trying to get across, Mr. Speaker, is that that 30 per cent does not mean a downgrading of their assessment of the situation. In Mr. Hopper's view that presumably was the type of figure we always had in mind.

Now the Leader of the Opposition (Mr. Jamieson) mentioned that I have made a statement being more optimistic than that, and all I can say is that that is my feeling on the matter. I am certainly no expert in this type of business but I have had, over the last nine months or so, a fair bit of contact of one sort or another and I would be, if I were asked, and it is a very subjective thing, I would say that I am much more optimistic than that and I think I did say recently I would give it better than a fifty/fifty chance.

MR. JAMIESON: A supplementary.

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



MR. JAMIESON: If I could direct this supplementary to the Minister of Mines and Energy, some weeks ago I asked him whether or not the Come By Chance facility was capable of being utilized for the type of crude which we all hope is going to be found offshore, His answer was in the positive and in fact I believe, if my memory serves me right, he said that in fact there would be less modification required than for perhaps other types of crude from other places. Recently I read an interview with Mr. Cabot Martin in the Rounder, a rather comprehensive interview, an interesting one which I hope we can have a chance to discuss in more detail later, but he indicated in that response which he gave to one of the questions, that offshore crude from the Atlantic would have to be blended, I believe was his word, with other types of crude if it were to be utilized in Come By Chance. The question I have is, can the minister, without being technical, I do not expect him to have that at his fingertips, but it is a large percentage of what I would describe as non-Atlantic crude that would be necessary for this blend, or just what exactly is the situation? In other words, would we have to bring in a lot from other sources as well, say Mexico or somewhere else?

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

MR. BARRY: Mr. Speaker, first of all my reference to the fact that there may not have to be the same degree of modification to the refinery had to do with the fact that it was contemplated initially that there would be high sulphur crude refined and you need additional facilities there to avoid the environmental problems that result from the emission of sulphur into the atmosphere. If you have a sweet crude or a low sulphur crude, which is what appears to be present on the Grand Banks, at the Hibernia discovery in any event, then you do not have the same environmental problems and do not need the same environmental equipment at the refinery.

MR. BARRY: With respect to the refining of the Hibernia crude itself, it is my understanding, and again it is preliminary information that we have obtained, but we have had certain consultants, before Petrocan expressed its interest, we had some preliminary work done which indicated that the supply of Hibernia crude was relevant for the start-up of the Come By Chance refinery, and I think it shows the importance of offshore ownership in that we are able to direct offshore crude to Come By Chance and to thereby interest Petrocan in the possible reactivation of the refinery by showing that there can be an assured supply of crude. And it is our understanding that the crude from Hibernia can make the project viable. The actual technical details of the amount of another quality crude which may be necessary to get the optimum refining process, I will get the hon. member the details if he requires but the basis of it is that the crude from Hibernia directed to Come By Chance can make that a viable project, a viable working refinery.

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

MR. NEARY: Mr. Speaker, my question is for the hon. the Premier and it stems from the Ministerial Statement made by the Minister of Mines and Energy (Mr. Barry) today, Sir. Hon. members know that almost three months have gone by since the new government was elected up in Ottawa, so I would like to ask the Premier if contact has been made with the new government in connection with offshore ownership or management and if the contact has been made orally or in writing to the Government of Canada to have the offshore management, control or whatever you want to call it confirmed? Has any contact been made at all officially by the Premier or by his ministers either to the Prime Minister of Canada or to his ministers, either orally or in writing?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: Yes, Mr. Speaker. I thank the hon. member for his question. Number one, I had a fairly detailed meeting with our representative in the federal cabinet in Labrador City about a month ago or five weeks ago on this matter and of course Mr. Rompkey, the hon. the minister responsible for National Revenue, indicated some doubts

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PREMIER PECKFORD: as to his agreement with our position and indicated that there did not seem to be at that time, in his opinion - he would have to have more information - whether in fact

PREMIER PECKFORD: he, as the federal representative in the Cabinet, would be able to support it. So I went through all the pros on it, the advantages of it from our point of view and indicated to him that I intended to present to the Prime Minister and to the Government of Canada a package of federal-provincial concerns in a co-ordinated manner. That, as I indicated yesterday in the House and last week and a couple of weeks ago, is well underway and we will have that package ready by tomorrow and a few days after that present it to the federal government. It will contain the whole question of a transportation plan for the Province, will contain and reiterate our present position on offshore ownership, will reiterate our position on the whole question of the fishery and so on. Number one, verbal contact has been made to this point in time with Mr. Rompkey because I wanted him to know exactly how we intended to proceed. I have sent him a lot of information on it so that hopefully I can persuade him to our way of thinking so that he can support us in Cabinet, if in fact that kind of support is needed, and perhaps all the federal Cabinet will agree. Secondly, we are preparing a major document to be released relating to ongoing federal-provincial relations, which will include the whole question of the offshore.

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

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

MR. S. NEARY: I would like to advise the hon. gentleman that we, too, met with Mr. Rompkey and outlined our views on the offshore management or ownership or control or whatever you want to call it, but I would not consider that making the official presentation to the Government of Canada. The hon. gentleman said he was trying to persuade Mr. Rompkey.

MR. L. BARRY: Which letter (inaudible).

MR. S. NEARY: Mr. Speaker, the hon. gentleman has stooped to the lowest level of politics I have ever seen in this Province and in this House today.

MR. SPEAKER: Order, please! Order, please!

The hon. member is -

MR. S. NEARY: I am not asking questions of the hon. gentleman, I am asking questions of the Premier. And I would like to ask why there has been such a delay? We met with Mr. Rompkey and we talked over this offshore thing but the hon. gentleman says he was trying to persuade Mr. Rompkey. Well, was the purpose of the meeting with Mr. Rompkey just to politic or was it to ask Mr. Rompkey to arrange a meeting with the Prime Minister and the Government of Canada? Now, let the Premier be straight about it and tell us, did he say to Mr. Rompkey, "Arrange a meeting with the Government of Canada so that we can officially make the views of this Province known concerning the offshore ownership question"?

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

PREMIER PECKFORD: First of all, Mr. Speaker, I met with Mr. Rompkey because it was the first opportunity I had to meet with him both as Premier and the gentleman responsible for Inter-governmental Affairs in the government and the first opportunity to meet with our representative in the federal Cabinet to go over a whole range of issues with him, and to indicate the kind of approach that this government intended to take as it related to federal-provincial relations, which was one of, hopefully, coherence, not ad hoc every day, wiring Ottawa again about this, that and something else, but then to isolate a number of very critical areas. One was DREE. We are in grave danger of having the worst year ever in our history economically as it relates to the cash flow of DREE funds in this Province - our forestry industry, our transportation industry and so on - and we have been communicating on a daily basis on that one, and that one we have to move on.

MR. S. NEARY: That is your own fault (inaudible).

PREMIER PECKFORD: Mr. Speaker, if I may be allowed to proceed? On the questions of principle, on the questions of the Constitution, which are in a different area altogether, I reviewed with Mr. Rompkey the positions

PREMIER PECKFORD: that the Government of Newfoundland and Labrador have taken and which they will continue to take, and then I went on to indicate to him that I would be back to him after our package was ready and sent off to Ottawa so that they would have time to read it. I do not intend to release something today, then ask for a meeting yesterday. I intend to release the document for the Opposition, for members of the public and then a week or two later to request to Mr. Rompkey a meeting with the Prime Minister to fully go over those matters of principle, which I should bother the Prime Minister about, and to very briefly touch on crisis issues which should be dealt with by his respective ministries like DREE. So I wanted to separate the more practical DREE programme orientated issue from the more principle constitutional issue which the First Ministers should get involved in. And that is our aim and objective and before this week is out we will be ready to do that. And I am seriously considering whether in fact, as I indicated to the House yesterday, Mr. Speaker, that I would like to have before that document is presented to be able to put down on the bottom of that part of the document dealing with the offshore that the House of Assembly has just passed a resolution dealing with the whole offshore question so that all members of the House, not just the members on this side but the members on the opposite side also, would agree so that will be an additional argument in our favour in trying to ensure that the federal government recognizes those ownership and control rights.

So hopefully the hon. member for LaPoile (Mr. S. Neary) and his colleagues on the opposite side will agree to that kind of resolution and supporting us so that will be that additional argument that perhaps, possibly we might need, especially in light of the fact that a number of members opposite expressed the view yesterday that the question of five Liberal MPs being re-elected shows that Newfoundlanders might not necessarily be in favour of the offshore.

SOME HON. MEMBERS:

Oh, oh.

PREMIER PECKFORD: A number of members opposite yesterday did mention that.

SOME HON. MEMBERS: Oh, oh.

PREMIER PECKFORD: They implied it in their statements, Mr. Speaker.

MR. SPEAKER (Simms): Order, please!

PREMIER PECKFORD: I want them to come clean, too, Mr. Speaker, and therefore we will be asking this House to unanimously support the government on this offshore ownership issue so that it can be incorporated into the overall package that we intend to present to the federal government.

SOME HON. MEMBERS: Hear, hear.

MR. S. NEARY: Final supplementary, Mr. Speaker.

MR. SPEAKER: A final supplementary, the hon. member for LaPoile, followed by the hon. member for Port au Port

MR. S. NEARY: I might say for the benefit of the hon. the Premier, I have a resolution here in my hand dated Wednesday, March 5th, 1975 moved by the Opposition and unanimously supported by members on both sides of the House concerning the offshore ownership - five years ago.

AN HON. MEMBER: Five years ago!

MR. SPEAKER (Simms) Order, please!

MR. S. NEARY: But, Mr. Speaker, the hon. gentleman was very evasive in answering my question and elected to play politics with it rather than come to grips with the question.

The question I put to the hon. gentleman, this is a matter of urgent public importance, this matter of getting the offshore ownership question settled, and it has taken three months now and all the hon. gentleman did was have an informal and casual meeting with Mr. Rompkey. Why has the government not taken the bull by the horns? And why has the Premier not, because this is such an important matter to this Province, picked up his phone, called the Prime Minister of Canada, arranged a meeting, sat down, talked it over and left his proposal in writing with the

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MR. S. NEARY: Prime Minister of Canada? Or would  
he prefer to play a little politics with it for a little while longer?  
Is that what the hon. gentleman is up to?

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