

PRELIMINARY
UNEDITED
TRANSCRIPT

HOUSE OF ASSEMBLY
FOR THE PERIOD:
3:00 p.m. - 6:00 p.m.
TUESDAY, MAY 12, 1981

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER (Simms): Order, please!

With respect to the point of privilege raised on Friday past, May 8th., by the hon. the member for LaPoile (Mr. Neary) on which I reserved my ruling, I wish to point out at the outset, as hon. members are aware, that the Chair's role in these matters is to determine whether or not enough evidence has been presented to establish a prima facie, not whether in fact there is a point of privilege.

May I say at the outset that the question of security for the House of Assembly is a matter of some degree of confidentiality and as it relates to the House it comes under the jurisdiction of the Speaker's Office. I am also advised that the current situation is no different than one which occurred in 1971, as I understand it. I want to rule, first of all, that in this matter there is no prima facie case. But may I add a further brief comment and say that, first of all, I am fully aware of the situation as it exists and I understand as well that the hon. the Leader of the Opposition (Mr. Stirling) has also been briefed. Also I might add the security personnel will not be on the floor of the House. I believe that this matter should be treated with the confidentiality that it warrants, but I repeat, as the question of security for the House comes under the jurisdiction of the Speaker, I wish to assure all hon. members, as I do in all matters respecting the privileges of members, that I will act in this matter on behalf of and in the best interest of all hon. members of this Legislature.

MR. L. STIRLING: Mr. Speaker.

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

MR. L. STIRLING: Just by way of clarification because you did mention in your comments that I have been briefed: I do confirm that I have now been briefed as of yesterday afternoon and my caucus has been and we accept the spirit in which you have made your comments. It is unfortunate it did not happen earlier but we understand the circumstances.

STATEMENTS BY MINISTERS

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

MR. L. BARRY: Mr. Speaker, I have great pleasure in making a statement this afternoon which has some significance for the future energy needs of our Province. I would like to take a few moments to give an overview, first of all, with respect to this energy position that our Province finds ourselves in today.

Mr. Speaker, I would like to present to the House of Assembly this overview, particularly as it relates to meeting the electrical needs on the Island at this critical point in time. I want to put into perspective the actions which are necessary to minimize our dependence on foreign imported crude and to meet our growing electrical needs while we are faced with the uncertainties surrounding the achievement of a Labrador electrical interconnection.

The electrical generation facilities now in place and under construction

MR. BARRY: can supply the Island's anticipated needs until 1984. However, the most recent electrical energy load forecast indicates that a new source of energy will be required to prevent energy shortages which are projected to occur starting in 1985. The three alternatives which have been considered are: (1) naturally, an electrical interconnection with Labrador to access energy from the Churchill River either from the existing Churchill Falls plant or the potential at Gull Island and Muskrat Falls; (2) an expansion of the Holyrood thermal plant by the addition of a fourth 150 MW oil-fired generating unit; and (3) a new 120 MW hydroelectric generating plant at Cat Arm on the Great Northern Peninsula.

The differencing capital costs associated with these alternatives and the varying operating costs once they are in service make up a complex decision-making package involving short and long-term energy alternatives. It involves billions of dollars in construction costs over the long term, hundreds of millions of dollars in lost economic rent and thousands of construction jobs along with short-term construction temptations versus long-term energy planning decisions.

With respect to our electrical energy priorities, Mr. Speaker, it is no secret that the electrical energy priority, the first priority for this government, is to achieve a fair and equitable utilization of our Churchill Falls resource. The best long-term solution to meeting the Island's electrical needs is through an electrical interconnection with the 5225 MW Churchill Falls plant. Initially we would build a \$1.5 billion transmission line with the capability of bringing 800 MW of capacity and 5.6 billion kilowatthours of energy from the Churchill plant to the Island annually. Now such a transmission project, if started today, would allow us to displace all of the oil burnt at the Holyrood plant by 1986 and

MR. BARRY: and in addition, allow us to meet our load growth for several more years into the early 1990's. The total load on the Island by 1986 is projected to be 8 billion kilowatthours of which almost 3 billion kilowatthours will come from the Holyrood plant. So you are getting into the situation where 3/8, not quite 50 per cent, but 3/8 of our energy will be supplied by burning oil at Holyrood by 1986.

Since 1976 we have been attempting, through Court action and through discussions with Quebec, to obtain access to this initial amount of Churchill energy. The discussions with Quebec have so far been unsuccessful. In addition, the Court case has been prolonged, in many cases by Quebec's use of delaying tactics. And as a result, we introduced the Water Rights Reversion Act into the House of Assembly last Fall and are proceeding with this legal action with the understanding that it might take two years to bring about the ultimate long-term resolution to our energy supply difficulties.

Simultaneous with our actions on the Upper Churchill, we have proceeded with the Government of Canada to fund the programme carried out

MR. BARRY:

by the Lower Churchill

Development Corporation with respect to putting forth recommendations regarding the Gull Island and Muskrat Falls power sites on the Lower Churchill River.

LCDC concluded that Gull Island was preferred to Muskrat Falls for development but that markets West were absolutely critical to the feasibility of proceeding with the Gull Island project. LCDC pointed out that Gull Island could only proceed in a prudent manner if the energy surplus to Newfoundland's needs could be sold to or through Quebec, possibly in combination with energy intensive industries establishing in Labrador or on the Island.

Now, with respect to Gull Island and the need for a power corridor or wheeling through Quebec, Mr. Speaker, with regard to sales to Quebec, we have not been encouraged that arrangements can be made, especially given our lack of progress in renegotiations on the Upper Churchill situation. However, with respect to sales West, apart from directly to Quebec, and industrial sales, we have been considerably encouraged.

Our discussions with the Power Authority of the State of New York reached a level of agreement resulting in the signing of a Letter of Intent. In addition, we have held fruitful discussions with the State of New Hampshire and have received additional positive indications from many of the States in the Northeastern U.S. who require Canadian hydro power to reduce their dependence on foreign imported oil.

We have also had very encouraging discussions with a number of aluminum companies respecting the location of an aluminum smelter in the Province. These companies have been examining the feasibility of constructing a smelter which would require between 360 and 540 megawatts either in Labrador or on the Island. The feasibility of

MR. BARRY: Gull Island would be considerably enhanced if some of the surplus energy could be sold to energy intensive industries and to date we have received every indication that there is high interest from the aluminum industry in locating in this Province. In other words, we have reached the very definite conclusion that Gull Island can and should be developed and there are markets, particularly in the Northeastern U.S. and with energy intensive customers, which can properly utilize its output on a short, medium and long-term basis.

The difficulty in reaching these markets, Mr. Speaker, is that we need a power corridor through the Province of Quebec. This power corridor could take the form of a utilization of the existing Quebec system, that is, the wheeling route, or a separate dedicated transmission line built over a land corridor through Quebec. We have been dealing with the Government of Canada for the last two years, seeking their needed co-operation in establishing such a corridor or wheeling rights over the existing Quebec system. In fact, we thought we had reached a clear understanding with the Prime Minister and the federal Minister of Energy, Mines and Resources (Mr. Lalonde), that Newfoundland had the constitutional right to transmit electrical energy across provincial borders just as provinces like Alberta have their constitutional rights firmly in place to transmit oil and gas across other provincial territory.

We have made our case to the Government of Canada and to the National Energy Board and I, personally, have held several meetings with the federal Minister of Energy regarding our case and quite frankly, thought we were making a good deal of progress. However, recent correspondence from Mr. Lalonde has unfortunately confirmed that Canada is not willing to exercise its constitutional authority to remove the barriers to

MR. L. BARRY:

interprovincial transmission of electricity at least at this time. In essence, the Government of Canada is saying, and the Prime Minister is saying, that they realize Newfoundland should be permitted to transmit electricity across provincial borders and further realize it is within their power to introduce the necessary legislation to implement these constitutional rights and allow Newfoundland to deal in a practical sense with power transmission through Quebec. However, the Government of Canada is still not prepared to act, even though without such a legal solution we are unable to sit down and talk meaningfully with Quebec with respect to a corridor or wheeling rights, as Quebec has always insisted upon being the purchaser of our electricity at their price.

SOME HON. MEMBERS: Oh, oh.

MR. SPEAKER (Simms): Order, please!

MR. BARRY: In summary, Mr. Speaker, we believe there are external markets for the surplus Gull Island power which combined with prospective industrial sales in Labrador and the oil displacement needs on the Island, could make Gull Island a viable project.

SOME HON. MEMBERS: Hear, hear.

MR. BARRY: However, we have reached the conclusion that our fight for constitutional equality in the transmission of electricity will continue beyond the time when we must make a decision on our next generation source. In the meantime, we must face the reality that the \$4.3 billion Gull Island project is too large a project for us to get underway until our ability to sell this surplus power is resolved, even though, I hate to say, Mr. Speaker, the markets are there -

SOME HON. MEMBERS: Oh, oh.

MR. SPEAKER: Order, please!

MR. BARRY: - for the sale of this surplus power.

MR. BARRY: Now Muskrat Falls, let us look at this alternative. Mr. Speaker, Muskrat Falls was recommended -

MR. FLIGHT: That is a political statement.

MR. BARRY: - it is not a political statement, it is a very factual statement - was recommended by LCDC -

SOME HON. MEMBERS: Oh, oh.

MR. SPEAKER (Simms): Order, please!

MR. BARRY: - as the project which should be proceeded with in view of the difficulties of marketing Gull Island power West. However, there is general agreement, Mr. Speaker, that Muskrat Falls is a less desirable development than the larger Gull Island project. We have not eliminated Muskrat Falls as an option but its energy output is expensive and far less attractive than energy from either Churchill Falls or Gull Island. In addition, the economics of the Muskrat Falls project do not stand alone but depend upon blending the output from the 600 megawatt plant with the amount of recall presently available to Newfoundland under the power contract with Hydro-Quebec. The available 200 megawatts of recall at three mills per kilowatthour would bring the average cost of Muskrat down to an acceptable level, and the combination of Muskrat and recall is still more economical for the Island of Newfoundland than proceeding with further oil-fired generation.

The points not to be missed with respect to the Muskrat, however, Mr. Speaker, are that: first, its energy costs are 30 per cent higher than the preferred Gull Island project; secondly, it only meets the Island's energy demands up to about 1990; third, its construction at this time would probably delay the better Gull Island project for another decade, and this is a very important point, Mr. Speaker; and fourth, it provides no capability for industrial expansion in Labrador or indeed on the Island.

MR. NEARY: Politics.

MR. BARRY: Therefore, we have decided, and I believe the Government of Canada would agree, that to proceed with the \$3.2 billion Muskrat Falls project at the present time would be extremely short-sighted. Proceeding with Muskrat might be reminiscent of decisions made for the short-term construction impact and the short-term political gain associated with other large scale hydro projects in Labrador presently constructed.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Mr. Simms): Order!

MR. BARRY: Now, Mr. Speaker, our decision, our long-term energy policy decision. We have tried to make a far-sighted decision based on the long-term benefits to the people of this Province. Our top priority is to access Upper Churchill power. Our other priority is to develop Gull Island once our constitutional right for the transmission of electricity across provincial borders has been implemented by the federal government. Our objective is also to stabilize in the long-term the electrical rates to all consumers in the Province and to make electrical energy available for industrial expansion in Labrador and on the Island.

So a new generation source, Mr. Speaker, is required now. In view of the uncertainties associated with our Labrador power situation, we need a new source on the Island to meet the projected energy deficits for 1985 and 1986, and possibly a bit of 1987. But we are basically talking about only two years, Mr. Speaker, in this present state. It would not be prudent to assume at this time that the deficits in those two years, 1985 to 1987, could be met by a Labrador transmission line, the construction of which-

MR. BARRY: will take in excess of four years from the time our legal case on the Upper Churchill is won or our right to transmit electricity across Quebec is established. And delaying a decision results in a -

MR. FLIGHT: You should be ashamed of yourself.

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

MR. BARRY: - further escalation of capital costs on the alternative energy sources and runs the unacceptable and substantial risk of unnecessary energy deficits starting in 1985.

The time for a decision has arrived and government has authorized Newfoundland and Labrador Hydro to proceed with the Cat Arm hydro-electric development on the Great Northern Peninsula.

SOME HON. MEMBERS: Hear, hear!

MR. BARRY: This project, Mr. Speaker, a great project, will have a rated capacity of 127 megawatts and is expected to produce almost 700 million kilowatthours annually. Its estimated capital cost is \$287 million, Mr. Speaker, and the development will displace 1.1 million barrels of oil annually when it is in operation.

SOME HON. MEMBERS: Hear, hear!

MR. BARRY: Now both of those facts, Mr. Speaker, should be considered, not just the fact that we have close to a \$300 million project where we will see an economic boost to this Province, but it is not just a make-work project, it is a project which will see 1.1 million barrels of oil displaced. And you can multiply, Mr. Speaker, by

MR. BARRY: your best estimates of what the cost to the Province will be to the electrical consumer by 1986 of 1.1 million barrels of oil, Mr. Speaker, and I can tell you it is not going to be any less than the \$26 million virtually that it is today. And that is \$26 million a year, Mr. Speaker. The economics of the Cat Arm versus building a fourth oil-fired unit at Holyrood are extremely attractive. In fact, it will pay for itself in oil displayed. Mr. Speaker, in less than five years. And with the cost of electricity rising rapidly, due to the increasing use of oil at Holyrood, the decision between these two alternatives was relatively simple. But the difficulty in agreeing with the Cat Arm project and the painstaking progress we have been through before finally granting authority, related to our reluctance to proceed with this project as an interim measure prior to achieving a Labrador electrical interconnection when obviously the best manner in which to proceed would be to start a transmission line from Labrador immediately, if the Federal Government were to co-operate to make this feasible.

Now, Mr. Speaker, I am just about finished, I do not want to delay unduly the House, but the building of Cat Arm is not a substitute for a Labrador development. Let us not misunderstand here: We are talking about meeting our energy needs for about two years from this project. It represents only 12 per cent of the energy which would be taken over a transmission line from Labrador. The Cat Arm project- I will not go into all the details, they are set out in the statement which I will have available for all members of the House and which is in the Speaker's Office here now for distribution, Mr. Speaker and I will be having a Press Conference following Question Period to go into this with the press -

MR. BARRY: But just generally, Mr. Speaker, we have a large construction project here. We are talking about a potential work force of some 700, a peak of 700, Mr. Speaker, an overall of approximately 15,000 person months will be required to construct the project.

SOME HON. MEMBERS: Hear, hear!

MR. BARRY: Just to give another -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order, please!

MR. BARRY: -Mr. Speaker, another example of the magnitude of this project, there will be twenty-four miles of roads, twenty-four miles of roads constructed in order to build this project, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. BARRY: The surface area, Mr. Speaker, to be flooded is relatively small. It will be in the area of from six to twenty-two square miles. The details, the technical details, I will not go into. But with respect to environmental analysis, Mr. Speaker, this is the first major hydro project assessed and submitted for consideration under government's Environmental Assessment Act of 1980 and everything, Mr. Speaker, set out in that Environmental Assessment Act has been complied with. With the completion of the required detailed field studies and following public meetings, Mr. Speaker -

MR. FLIGHT: That is not true. Not true!

MR. BARRY: Mr. Speaker, is the hon. member -

MR. SPEAKER: Order, please!

MR. L. BARRY: Mr. Speaker, is the hon. member saying I am misleading this House? If he is, Mr. Speaker, I ask him to withdraw it.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order, please! Order, please!
I know it would be impossible to expect total silence in the House nor would I suggest the parliamentary system would be able to stand that. However, the hon. member to my right who will be responding to the statement, I am sure, would want to be able to do so without constant interjections. And I suggest to the hon. members to my right they give the same respect to the hon. minister who is about ready to conclude the statement, I understand.

Hon. minister.

MR. L. BARRY: Yes, Mr. Speaker, I have about a page left and again Barry's theorem applies that as you get closer to the nub and show that you are doing great things here in government, the Opposition tries to drown us out every time. But the people of this Province are going to listen.

SOME HON. MEMBERS: Hear, hear!

MR. L. BARRY: The Opposition should have learned by now that you cannot shout down a government which is the doing the great work that this government is doing. You cannot shout us down, Mr. Speaker.

MR. NEARY: You should stick to cousin Vic's statement.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Order, please!

MR. L. BARRY: With the completion of the required detailed field studies, and following public meetings, an Environmental Impact Statement on the Cat Arm development was forwarded to the Minister of the Environment in January 1981 and released to the public at that time. That environmental impact state -

MR. L. BARRY: ment has been available in libraries around this Province, it has been available to the press since January 1981. In April, further information was supplied to the Minister of the Environment at the request of the Department of the Environment and to the public as well in the form of an addendum to the environmental impact statement. Based on this submission, the Minister of the Environment recommended approval of the project, subject to a set of conditions that will ensure the Cat Arm development is constructed in an environmentally acceptable manner. These conditions include -

MR. G. FLIGHT: Not true.

MR. L. BARRY: Oh, these conditions do not include what I am about to say?

MR. SPEAKER (Simms): Order, please.

MR. NEARY: Caught again.

MR. L. BARRY: The Liaison Committee which has already been established by Hydro during the conduct of environmental studies will be continued in order to address community planning and community concerns regarding the project, an ongoing series, Mr. Speaker, of discussions with the public of Newfoundland; (ii) careful selection of road and transmission line routing and provision for rehabilitation of borrow areas (sources of construction materials) to help retain the wilderness of character of the area; (iii) a fishing enhancement program will be undertaken to improve the potential for a sport fishery in the reservoir, and major portions of the shore zone of the reservoir will be clear-cut to provide boat access; and finally (iv) research monitoring studies during construction will address such sensitive issues as caribou movement patterns, potential archaeological sites and vegetation regeneration.

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MR. L. BARRY: These measures, Mr. Speaker,
will ensure that this project will be undertaken in an
environmentally compatible manner and in a way that will
maximize its benefits to the Province, a project, Mr.
Speaker, whose benefits should be obvious to everyone even to
the Opposition.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Simms): The hon. the Leader of the Opposition, who has about eleven minutes, incidentally.

NEARY: They tried to stop the Mahoney Report.

MR. SPEAKER: Order!

MR. STIRLING: Mr. Speaker, there is not a single solitary word in this statement which has not been said many times over, either by the minister or by the head of Hydro, not a single solitary word of new information. What is contained in this document is an admission, Mr. Speaker, an admission that they have forsaken Labrador, an admission that they have given up the ghost.

MR. WARREN: Yes, that is right?

MR. STIRLING: This decision -

MR. BARRY: (Inaudible) tomorrow.

MR. SPEAKER: Order!

MR. STIRLING: This decision, Mr. Speaker, has been delayed now for over six months. This is now at least six months to a year behind. This is not a question of a decision, Mr. Speaker, this is a question of running out of time, this is a question of a government which will not accept-one, first point, is that the Lower Churchill controlled by the Newfoundland Government, 51 per cent, the Lower Churchill Development Corporation, with the 49 per cent ownership of Ottawa, would be quite happy to proceed with Gull Island. However, what is required to proceed with Gull Island? What is required is either they do what this party would like to see them do, and that is live up to the commitments in Labrador and attract industry and get industry into Labrador and then come back and say, 'Okay, Ottawa, here is the justification'. The truth, Mr. Speaker, and the reason that the minister is not very happy to have to make this statement and has delayed it for a year, is that they could not do the job which this

MR. STIRLING: government should be doing, and that is go out into the world and find contracts to develop this Gull Island site in Labrador.

Mr. Speaker, half of that can come to the Island of Newfoundland, the other half can be used in Labrador. And what this is, this is an admission that regardless of all the pretty speeches that they were not going to send anything outside Newfoundland, is that Labrador has been forsaken once again; they have not, Mr. Speaker, developed Labrador. The real reason for this statement is this government has not done the job under their jurisdiction. They are talking about jurisdiction and power; well, they have not done the job, Mr. Speaker, they have not done the job.

SOME HON. MEMBERS: Hear, hear!

MR. STIRLING: That is what this is all about.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order!

MR. STIRLING: The second alternative they had was to do what we had suggested nine months ago, Mr. Speaker, and that is go to their partners -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. STIRLING: - in the Lower Churchill Development Corporation and say either 'we are going to get the Upper Churchill recall, which had the complete support of this side of the House, either that is going to be successful, or they are going to get

MR. STIRLING: the industry in Labrador or in the Province and Gull Island is going to be delivered, either of those situations; in which case they should have said six months ago, "Ottawa, will you agree because of those reasons to finance the interconnection between Labrador and the Island portion of Newfoundland?" They have not done it, Mr. Speaker; they should have gone to Ottawa and had it done. They have not approached them.

SOME HON. MEMBERS: Oh, oh!

MR. STIRLING: Now, Mr. Speaker, that is the second alternative that they had.

MR. WARREN: Nothing for Labrador.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order, please!

MR. NEARY: Sold out!

MR. SPEAKER: Order!

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order!

MR. WARREN: Labrador sold down the drain.

MR. STIRLING: Mr. Speaker, the position that they - the cop out; their pride and vanity, Mr. Speaker, their pride and vanity will not allow them to do what needs to be done and that is to sit down in a reasonable manner with Ottawa, or sit down in a reasonable manner with their friends that they said they were so happy to have, their separatist friends in Quebec.

Well, Mr. Speaker, they have done neither of these things.

MR. WARREN: They have not got the guts.

MR. SPEAKER: Order!

MR. STIRLING: Now, Mr. Speaker, part of what this government is doing, again in this statement, is continuing to give a part of the information, to cover up the fact, not to face up to the fact that they have to make a decision.

MR. STIRLING: They do not make decisions. They will not sit down and reason with their partners in the Lower Churchill Development Corporation. Mr. Speaker, they are on record for three things.

AN HON. MEMBER: They are against Canada.

MR. STIRLING: They are on record as asking Quebec -

MR. NEARY: We know you are against Canada.

MR. STIRLING: - they are asking Quebec -

MR. NEARY: Me?

MR. STIRLING: - on record as saying, 'Quebec, can we use your transmission lines?' and Quebec does not have the facility. They are asking for a transportation corridor, Mr. Speaker. They are asking for a transportation corridor. Three different things that they are asking for all at the same time.

Mr. Speaker, they have not tabled in this House anything that shows that they have done any kind of work with estimating the cost of putting in a separate transmission corridor across Quebec. There is nothing to prevent them doing it, Mr. Speaker, except that their own experts in Hydro tell them that it is silly, uneconomical for us to build our own transmission line across Quebec, and what is in the Five Year Plan, recommended by Hydro, is they have to negotiate with Quebec, something that they cannot do. And they are adding to the confusion, adding to the insult and they are just not dealing with the problems they should be dealing with.

MR. WARREN: Shameful. Shameful.

MR. STIRLING: Now, Mr. Speaker, this does not come as any news that Cat Arm is going to be -

MR. BARRY: Sit down for Heaven's sake.

MR. STIRLING: Cat Arm is not any surprise, Mr. Speaker. It has been forecast for a long time. All it is is the embarrassment that the minister had to stand up. You notice that the bad news

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MR. STIRLING: is always given by the minister. The good news comes from the Premier. The bad news is that they have given up their grand dreams.

MR. WARREN: Of Labrador. Right on.

MR. STIRLING: They have given up all the promises to the people of Labrador and they have to admit, they have to admit that they cannot get out and negotiate the sources to use this energy within Labrador. It is a cop out, Mr. Speaker, a cop out and an admission of defeat for this crowd that they do not know what they are doing.

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SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER (Simms):

Further Statements?

MR. ANDREWS:

Mr. Speaker.

MR. SPEAKER:

The hon. the Minister of
Environment.

MR. ANDREWS:

Mr. Speaker, I am pleased at
this time to inform the hon. House concerning the
environmental assessment of the Cat Arm hydro-electric
development.

SOME HON. MEMBERS:

Hear, hear!

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please!

MR. ANDREWS:

Government has authorized
Newfoundland and Labrador Hydro to proceed with plans to
carry out the Cat Arm project following a full examination
of information provided by several agencies including the
results of the environmental assessment.

SOME HON. MEMBERS:

Hear, hear!

MR. ANDREWS:

The Cat Arm project will involve
the damming of the Cat Arm River located on the Great Northern
Peninsula and flowing into White Bay. The environmental
assessment of this project commenced in 1977. Although the
Environmental Assessment Act which now governs the conduct
of such assessments was not proclaimed until 1980, the
Cat Arm assessment has nevertheless followed virtually all
of the procedures which are now mandatory under the act.

SOME HON. MEMBERS:

Hear, hear!

MR. ANDREWS:

In the course of this environmental
assessment, thirteen separate studies were conducted at the
request of my department and at the expense of Hydro. All
of the study reports were reviewed by appropriate specialists
and are available for public viewing.

Following the study programme,
Hydro prepared and submitted an Environmental Impact statement

MR. ANDREWS: for the project early in 1981. Following a review of that document, my department requested Hydro to provide further information in the form of an addendum. That addendum was subsequently submitted and reviewed and the entire impact statement, including the addendum, was then accepted by my department as satisfactory for its intended purpose.

The Environmental Impact statement describes the Cat Arm project and the present natural and socio-economic environment of the development area. The document predicts the likely environmental impact of the project and the mitigative measures proposed by Hydro to enhance the expected benefits and to minimize the harmful effects. While there is a danger of over-simplifying and thus distorting the situation by attempting to summarize such a document in a few words, it may be said that the impact statement predicts the kinds of impacts that would normally be expected from a hydro-electric development of this size. There will be obvious effects such as the flooding of land and consequent loss of some forested land and some wildlife habitat together with loss of some fish habitat in the river below the main dam. Also the marine environment near the power house at Devil Cove will be altered by the outflow of fresh water. There will be other less dramatic effects on the wilderness character of the Cat Arm River Valley and on the local communities and facilities. The nature of these expected impacts is such that my department regards the proposed project as environmentally acceptable provided that certain actions are taken by the government and by Hydro. We just heard the Minister of Mines and Energy (Mr. Barry) list some of those conditions.

The other conditions will be, government will appoint a full-time environmental monitor

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MR. ANDREWS: for the duration of the construction phase of the project and will take steps to carefully control secondary development activities adjacent to the project area.

MR. H. ANDREWS: Hydro will be required to consult all appropriate departments of government in preparing the detailed design of the various components of the project in order to examine alternate design possibilities and to ensure a maximum protection of the environment and will undertake a programme of research-oriented monitoring designed to test the predictions contained in the impact statement and to measure the adequacy of the mitigative measures be carried out by Hydro.

Hydro will now proceed to seek regulatory approval, as required, for each component of the project. Such approvals will be subject to the provisions of the legislation administered by my department and other government agencies. The constant surveillance to be provided by the government monitor will ensure adherence to the conditions of all approvals and to the commitments made by Hydro in the impact statement.

In closing, Mr. Speaker, I would like to point out that Hydro has conducted a public information programme in the course of this environmental assessment involving interested representatives of several local communities. At no time has either Hydro or my department received any communication from the public indicating serious concern about the environmental impacts of the Cat Arm Project. My department is therefore confident that this Project can be carried out in a manner acceptable to the local communities and to the Province. Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear.

MR. SPEAKER (Simms): The hon. member for Windsor - Buchans, who has about two and a half minutes.

MR. FLIGHT: Thank you, Mr. Speaker, for the two and a half minutes.

This statement, Mr. Speaker, is misleading. The minister knows that Newfoundland Hydro -

MR. ANDREWS: A point of order, Mr. Speaker.

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

MR. ANDREWS: Are you saying that I am misleading the House?

MR. FLIGHT: I say it is misleading, Mr. Speaker, this statement is misleading, totally misleading. The minister is parroting something that was passed him to parrot. Before he became a minister of this particular department, Newfoundland Hydro, Mr. Speaker, started looking at Cat Arm in 1975, they have not conformed to the Environmental Assessment Act as stated in this statement. The only thirteen studies that were done - it says here, Mr. Speaker, - you talk about misleading, thirteen separate studies were conducted by my department at the expense of Hydro. It did not go on to say that Hydro themselves did the studies. No one environmental study was put in to Cat Arm, Mr. Speaker, except for the ones that Hydro did. Anyone who reads the Hydro's Impact Study would believe that Newfoundland Hydro is going to environmentally enhance the area of the Cat Arm. This hydro project, according to Newfoundland Hydro, the Cat Arm project, will enhance the natural ecology, will enhance the environment of this area.

SOME HON. MEMBERS: Oh, oh.

MR. FLIGHT: Mr. Speaker - I have two and a half minutes - this is the last area of Newfoundland that has this kind of game population, this area - it is unbelievable, Mr. Speaker - the game habitat that is going to be wiped out, it is the highest population of moose in the Province, Mr. Speaker, and all of this is going to be done - Newfoundland Hydro went so far, Mr. Speaker, you talk about insulting people's intelligence, went so far as to

MR. FLIGHT: indicate that there were only twenty salmon -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Mr. Simms): Order!

MR. FLIGHT: - using the Cat Arm River.

Now, Mr. Speaker, the minister did not have - the main part of the legislation, the environmental impact legislation, Mr. Speaker, is that an impact committee be set up of independent people, not part of the proponents, not part of government, and he has not done that, Mr. Speaker, He has accepted Newfoundland Hydro's impact statement that they issued because they could not care less -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order!

MR. FLIGHT: Mr. Speaker, the first test of the legislation was the Upper Salmon, and the Upper Salmon was allowed to proceed without the benefit of the legislation. The second big test is this legislation, this one, Mr. Speaker, and the Cat Arm is not getting -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. FLIGHT: - any of the protection,

Mr. Speaker, of the act.

Now, Mr. Speaker, in closing just let me make this point, that we are going to watch the last resort, one of the last areas of Newfoundland that deserves protection, the minister is going to bring in a bill designating wildlife reserves in protected areas. There is no part of Newfoundland left, Mr. Speaker, that has the potential for environmental damage as the potential exists under this project in Cat Arm, it will be wiped out and it will be something that will be done for the short-term.

MR. FLIGHT: In 1971 that minister was telling us that we should develop Lloyd's Lake -

MR. SPEAKER (Mr. Simms): The hon. member's time has expired, I thought he was concluding.

MR. FLIGHT: - Lloyd's Lake, and nine years later he is using the same argument to justify the Cat Arm that he used for Lloyd's Lake.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!
The hon. member's time has expired.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Further statements?

The hon. the Premier.

PREMIER PECKFORD: Yes, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Mr. Speaker, I am pleased to announce today the appointment of a new Auditor General to replace Mr. David Howley, who accepted early retirement last Fall to become a member of the Royal Commission on the Inshore Fishery. Mr. Howley is known for his capability and leadership in the Department of the Auditor General, and under his supervision the Department of the Auditor General gained in strength and professional capability.

MR. NEARY: I hope he is a Newfoundlander.

PREMIER PECKFORD: I was extremely pleased to find a person of Mr. Howley's calibre willing and indeed eager to serve the Province in the capacity as Commissioner for the Royal Commission on the Inshore Fishery.

Since the retirement of Mr. Howley, a recruitment programme has been under way and a national campaign was mounted to identify and to select

PREMIER PECKFORD: a highly qualified candidate. The Search Committee included the Chairman of the Public Service Commission, the Speaker of the House of Assembly, and the Clerk of the Executive Council. The committee conducted a lengthy and intensive recruitment campaign in an attempt to try and find the best candidate for the job in recognition of the importance and nature of the position. A total of twenty-two applications were received with four from within the Public Service, six from outside the Public Service but within the Province, and twelve from outside of the Province.

Upon receipt of the report from the Search Committee, I asked the Internal Economy Commission of the House of Assembly to interview the top candidates to confirm the assessment of the Search Committee. In accordance with the

PREMIER PECKFORD:

recommendations of the Search Committee and the Internal Economy Commission of the House of Assembly, I am announcing the appointment of Mr. Joseph McGrath, C.A., as new Auditor General.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Mr. McGrath, by the way, is in attendance here today in the Public Gallery.

Mr. McGrath is presently a Director of Audits with the Department of the Auditor General and he has served in that department for the last eleven years. Mr. McGrath is a young Newfoundlander, born in Torbay and educated at St. Bonaventure's College and the University of Ottawa. He is married with four children. Mr. McGrath is a Chartered Accountant and a member of the Institute of Chartered Accountants of Newfoundland as well as the Canadian Institute of Chartered Accountants. I am sure that all members of this hon. House will join with me in extending to Mr. McGrath our best wishes as he assumes this important appointment.

SOME HON. MEMBERS: Hear, hear!

MR. WHITE: Mr. Speaker.

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

MR. WHITE: Mr. Speaker, as Chairman of the Public Accounts Committee, I am tremendously pleased that the Government and the Committee that was struck by the government to look for a new Auditor General has decided to appoint Mr. Joe McGrath. I found Mr. McGrath to be very decent, very co-operative in dealing with the Public Accounts Committee and I know that he has the best interests of the Province, and how the Province's money is spent, at heart.

I am tremendously happy as well, Mr. Speaker, that the appointment came from within the Auditor General's Department. A number of us on the Public Accounts Committee had

MR. WHITE: . . . been worrying over the last little while that people such as Mr. McGrath may be overlooked and that the Committee might go outside the Auditor General's Department in finding a new Auditor General. So we are tremendously pleased that Mr. McGrath has been appointed to this new position.

I do hope, Mr. Speaker, that Mr. McGrath and the Auditor General's Department is given the kind of independence that office needs to carry out that role. That independence has not always been with the Auditor General's Department, and sometime during this session of the House I will outline some of the comments made by David Howley concerning problems he had while Auditor General in getting co-operation from Treasury Board and from the government. I do hope that Mr. McGrath gets the kind of co-operation so that he can have the kind of independence required in carrying out this position.

I would also like to pay my tributes to Mr. David Howley, whom we have worked closely with as a Committee of this House, and also to the Deputy Auditor General, Mr. Richards, whom we found very co-operative as well.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Simms): Are there further statements?

ORAL QUESTIONS

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

MR. STIRLING: Yes, Mr. Speaker, I have a question for the President of the Council (Mr. Marshall). It is just a preliminary dealing with the Mahoney Commission, and we will have some further questions on that later.

This deals with a statement that the President of the Council made in which it says that the present administration will maintain a fixed determination to require the Public Tender Act to be enforced to the fullest of its spirit, letter and intent. In view of this statement made by the President of the Council on behalf of the government, will they now agree to review the unanimous report of the Public Accounts Committee, unanimous, four from the government side and three from this side, that brought to the attention of the government that in their view a member of the Cabinet, who is still sitting in the Cabinet, contravened the Public Tender Act, and knowingly contravened the Public Tender Act? Would the President of the Council now indicate, in view of the statement yesterday, that that case will be reviewed?

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

MR. MARSHALL: Mr. Speaker, I prefer the judgement of independent people such as a judge of the Supreme Court, the hon. Mr. Justice Mahoney, to the judgement of the members.

SOME HON. MEMBERS: Hear, hear!

MR. MARSHALL: The hon. Mr. Justice

MR. MARSHALL: Mahoney - I know the hon. gentleman is a slow reader so it will take him a little while, Mr. Speaker, to absorb the report. But he will note that the hon. Mr. Justice Mahoney indicated that this government has assiduously over the past three years showed its genuine will to abide by the letter, spirit and intent of the Public Tender Act.

SOME HON. MEMBERS: Hear, hear!

MR. MARSHALL: This it has done, Mr. Speaker, and in concert with that, relating to the happening to which the hon. gentleman refers which was recorded in one of the meetings of the Public Accounts Committee, to indicate the government's commitment to the Public Tender Act, that particular recommendation was assessed, it was looked at by the Premier, it was looked at by all members of Cabinet, it was pondered upon and the conclusion that was reached at the time, Mr. Speaker, was that this was an honest misinterpretation of the Act at the particular time - or not a misinterpretation, an interpretation, Mr. Speaker, of the Act.

As I say, the hon. member and the Opposition can try to make their political points on the Mahoney Report all they want to, I prefer the judgement of a judge of the Supreme Court to that of the hon. gentlemen. As I said yesterday, the report is a victory for the Public Tender Act and an abysmal defeat for those people who wish to slur other individuals.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the member for Lewisporte. I am sorry, the hon. the Leader of the Opposition on a supplementary.

MR. STIRLING: Mr. Speaker, I am having a problem with consistency on anything that is said by that government on the other side. Mr. Speaker, I have heard

MR. STIRLING: now repeated today by the President of the Council (Mr. Marshall), something which he put in his statement yesterday which is that the Commissioner found that this administration was now doing a good job. Well, Mr. Speaker, if he reads closely the report, he will see that that was sort of a off-handed comment about the will to enforce it and, in fact, he was very careful to

MR. STIRLING: point out that he did not look in detail at anything other than the period under which he was supposed to undertake that examination, and that was the period before this government took office, if you read that carefully. Now, Mr. Speaker, the question I would like to ask the President of the Council (Mr. Marshall) is, in view of his comments, why would the Auditor General in this year's report, March 31, 1980 - when all of this, this whole Cabinet, not the twelve from the previous, but the whole Cabinet - why is it under Paragraph 42 on Page 25? Because although I may be a slow reader, this report received from the Mahoney Commission had been with the Cabinet for six weeks and I believe that we will find some time in six weeks to get through it. But why, in view of all the comments made by the President of the Council, does the Auditor General on Page 25, Paragraph 42, still point out that public tenders are not being called for road maintenance programmes?

MR. NEARY: Hear, hear! A good question.

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

MR. MARSHALL: I do not know whether the hon. member is consistently having problems or he is having consistent problems. I do not know what the fact of the matter is, Mr. Speaker.

SOME HON. MEMBERS: Oh, oh!

MR. MARSHALL: All I can say to the hon. gentleman there opposite who love to delve into the past that the end result of the Mahoney Commission was that a judge of the Supreme Court indicated it had not been implemented by the previous administration because it did not have the will to implement it, but that report, Mr. Speaker, also quite clearly said to those who wish to read, to see and to inwardly digest it that this particular government has had a genuine will. And, Mr. Speaker, after all, Mr. Justice Mahoney did not

MR. MARSHALL: need to say that because this is self-evident not only to this House but to the populace of this Province.

SOME HON. MEMBERS: Hear, hear!

MR. WHITE: Mr. Speaker.

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

MR. WHITE: Mr. Speaker, I have a question for the Government House Leader (Mr. Marshall). It deals with the Mahoney Inquiry. Yesterday when he made his Ministerial Statement in connection with the Mahoney report, he indicated that no further prosecutions would be carried out, no further charges would be laid. I wonder if the minister could clear this up by indicating whether or not he made that statement based only on the Mahoney Inquiry report or whether he based it on the totality of the report itself and what Mr. Mahoney indicated that under separate cover he would be providing the Director of Prosecutions with copies of transcripts of in camera statements? Does that mean there will be no further charges based on both the report and the material submitted under separate cover?

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

MR. MARSHALL: Mr. Speaker, I thought it was made quite clear in the statement. I said in the statement that the in camera evidence had been referred to the Director of Public Prosecution. The Director of Public Prosecution and his staff had reviewed this evidence, had found the evidence in the in camera hearing to be not significantly or substantially different from the evidence that had already been

MR. MARSHALL:

considered by the Director of Public Prosecution and the Director of Public Prosecution and his staff then recommended that no further prosecution should follow.

MR. NEARY:

That was the government's decision.

Mr. Mahoney did not make that statement.

MR. MARSHALL:

In answer to the question -

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER (Simms):

Order, please!

MR. NEARY:

(Inaudible) before you open

your mouth.

MR. SPEAKER:

Order, please! Order, please!

MR. NEARY:

No further prosecutions will lie

and I would point out also to the hon. member that I would assume, even though you do not get into decisions by the Director of the Public Prosecution because of the nature of the office, I would assume that a part of the reason would be because of the report and the observation made by Mr. Justice Mahoney to the effect that some of the evidence, namely that of a Mr. Andy Davidson, was not substantiated, it was unbelievable. So he did not want to make this public because he did not wish to malign people, Mr. Speaker, would that other people at another time had had the same attitude -

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

Order, please! Order, please!

MR. MARSHALL:

- who would not be prepared to have -

MR. NEARY:

(Inaudible) government.

MR. SPEAKER:

Order, please!

MR. SPEAKER:

Order!

MR. MARSHALL:

- who would not have been prepared,

Mr. Speaker, to use this House in the way that Mr. Justice Mahoney -

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SOME HON. MEMBERS: Oh, oh!

MR. NEARY: - would not have his commission hearings used.

MR. WHITE: A supplementary, Mr. Speaker.

~~SOME HON. MEMBERS: Oh, oh!~~

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

MR. NEARY: (Inaudible) So the decision not to proceed was a government one, not Mr. Justice Mahoney's.

MR. SPEAKER: Order, please! Order, please!
A supplementary, the hon. member for Lewisporte.

MR. WHITE: Mr. Speaker, could the House Leader tell the House, how, since it took Mr. Justice Mahoney three years to go through the evidence, and to do this report, how the people in the Justice Department could do that much work, three years of work, in just a couple of weeks? Or would he admit to the House that this was a blatant government decision that they were going to drop this whole thing?

SOME HON. MEMBERS: Hear, hear!

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

MR. MARSHALL: Mr. Speaker, that is unworthy of the hon. member who usually does not cast innuendoes like that which can affect innocent people.

SOME HON. MEMBERS: Oh, oh!

PREMIER PECKFORD: Yes. That is unworthy. Very unworthy.

MR. MARSHALL: Let me say first of all, Mr. Speaker, that the Director of Public Prosecution and his staff are considerably skilled people in these areas, much more skilled than the members of the Opposition, or for that matter any member of this House.

AN HON. MEMBER: (Inaudible) John Mahoney (inaudible).

PREMIER PECKFORD: Oh! John Mahoney, is it?

MR. MARSHALL: But let me also say, Mr. Speaker, that I mentioned in the statement, and it was quite clearly stated in the statement, that this evidence was not substantially different than the evidence which was before the Director of Public Prosecution some time before, before the report was in. So the Director was already familiar with this. Mr. Speaker, some of it he was familiar with because of the fact that a certain member of the House at the time was prepared to use this House as a vehicle for the putting out of an affidavit before this House containing testimony -

SOME HON. MEMBERS: Oh, oh!

MR. MARSHALL: - which a judge of this land deemed to be completely unreliable, Mr. Speaker. That is why.

MR. NEARY: (Inaudible).

MR. SPEAKER (Simms): Order!

MR. MARSHALL: Now the answer, the answer, Mr. Speaker, so that the hon. gentleman will know it and perhaps -

MR. NEARY: (Inaudible) Confederation Trust (inaudible).

MR. SPEAKER: Order!

MR. MARSHALL: - and perhaps, Mr. Speaker, he would like to copy it down and I will say it very, very slowly so he will understand.

MR. MARSHALL: The Director of Public Prosecution was already fully aware of the testimony that had been given because he had had it from another forum before and thus the Director of Public Prosecution and his staff had quite ample time in which to make the recommendation. And I think that the hon. -

MR. NEARY: (Inaudible) confusion over there (inaudible).

MR. SPEAKER (Simms): Order, please!

MR. NEARY: (Inaudible) would not go ahead with it.

MR. SPEAKER: Order, please!

MR. MARSHALL: I think in view of the findings of the report, Mr. Speaker, particularly of Mr. Justice Mahoney, that the hon. gentleman should weigh his remarks very carefully before he asks questions which cast innuendoes that there might have been some interference and therefore some guilt on people who are deemed to be not even subject to prosecution.

SOME HON. MEMBERS: Hear, hear.

SOME HON. MEMBERS: Oh, oh.

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

MR. NEARY: Mr. Moores (inaudible) charges.

MR. SPEAKER: Order, please!

MR. WHITE: A further supplementary, Mr. Speaker.

MR. SPEAKER: The hon. member for Lewisporte on a further supplementary.

MR. WHITE: Mr. Speaker, as the President of the Council (Mr. Marshall) knows, in his report Mr. Justice Mahoney said that he could not go further with his investigation because his terms of reference were narrow and he could not take into consideration Confederation Trust or the Standfield Trust.

SOME HON. MEMBERS: Hear, hear.

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MR. WHITE: And he suggested- he did not suggest, he said in his report that it would require a separate commission with new terms of reference. And what I am asking the government, do they intend to now appoint another commission to carry on with what Mr. Justice Mahoney could not do because he did not have the terms of reference, as he says in his report?

SOME HON. MEMBER: Oh, oh.

MR. SPEAKER (Simms): Order, please.

The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, that is what the hon. gentlemen opposite would love, they would love to have commission after commission after commission.

SOME HON. MEMBERS: Oh, oh.

MR. MARSHALL: All the hon. gentlemen there opposite can consider, Mr. Speaker -

MR. NEARY: (Inaudible)

MR. SPEAKER: Order, please!

MR. NEARY: What about the witch hunt back in 1972?

MR. SPEAKER: Order, please!

Questions have been asked, and I presume you require answers, it is very difficult.

AN HON. MEMBER: No, no, we do not want answers.

MR. SPEAKER: If you do not want answers that is fine. But it is difficult to provide answers and to ask questions if there is consistent and constant shouting across the floor. I would ask hon. members to consider the rules of the House - both sides.

MR. MARSHALL: Mr. Speaker, as I say, that is what the hon. gentlemen, I know there opposite, would love- we would have commission after commission after commission, that is all the government will do: We will have inquiry after inquiry after inquiry. Mr. Speaker, the reaction that this government takes to the Mahoney Commission is that it was

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MR. MARSHALL: a splendid, excellent report. It was an incisive report. It has made a finding, the finding has been laid before the public. As far as the government is concerned the matter is now at an end for reasons given yesterday. We prefer, Mr. Speaker, to look towards the future and to the development of this Province for the benefit of the people of this Province rather than engage in the -

MR. NEARY: One of the (inaudible) does not want to hear that.

MR. MARSHALL: --commissions after commissions and inquiries back and the slurring and the innuendoes and all the accusations. If that titillates

MR. MARSHALL: the hon. members, Mr. Speaker, if that gives them a good deal of joy, perhaps they can go out and look at a B-rated movie or something to titilate themselves.

SOME HON. MEMBERS: Hear, hear!

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

MR. WHITE: Mr. Speaker, when the President of the Council (Mr. Marshall) says that in view of the Mahoney Enquiry and its report that now this matter is dropped, and this matter is finished, and this matter concluded, does this mean that the government is not going to act to recover any monies that it may be out? And at the same time, Mr. Speaker, I would ask the minister to tell the House what he intends to do, or what the government intend to do, about the money spent with regard to the Devine poll and the shoot at the P.C. Convention in Gander and at the fisheries shoot? Are we not going to get that money back, or even try?

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

MR. MARSHALL: Was the hon. gentleman here yesterday? When he asks whether this government is going to attempt to recover any money spent, the government clearly said it accepted the recommendation of the Commissioner with respect to this, and the Department of Justice is looking into it to see, as the Commissioner recommended, whether a case is to be laid or not, and if there is, Mr. Speaker, action will be taken.

SOME HON. MEMBERS: Hear, hear!

MR. MARSHALL: That is the first thing. The second thing is the Devine matter, as the hon. gentleman knows, is being looked into now by the Department of Justice in the same way as the findings of the Mahoney Commission Report were, and when a decision is made, Mr. Speaker,

MR. MARSHALL: then it will be brought before the public in the same way as the Mahoney Commission. But I will guarantee you, Mr. Speaker, that people in this Province will not be prosecuted and/or sued, and/or persecuted to satisfy the whims of the hon. gentlemen there opposite.

SOME HON. MEMBERS: Hear, hear!

MR. MARSHALL: They are going to be prosecuted and/or - and this is with respect to the Devine matter - they are going to be prosecuted and/or sued, as in the case of the other matters, if, on the basis of competent, legal, dispassionate judgement it is ruled that a case is there and that they should be because this is the way the justice system works.

It is quite obvious, Mr. Speaker, that the hon. gentlemen there opposite are smarting badly and licking their wounds because this administration has received the right - this administration has received the complete clearance from no less a person -

MR. NEARY: (Inaudible).

MR. SPEAKER (Simms): Order!

MR. MARSHALL: - than Mr. Justice Mahoney who conducted an enquiry -

MR. NEARY: Hang your heads in shame.

MR. SPEAKER: Order, please!

MR. MARSHALL: - into the matters which the hon. gentlemen are questioning.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the member for St. Barbe.

MR. BENNETT: Mr. Speaker, my question is directed -

MR. STAGG: Oh, oh, another rumour.

MR. BENNETT: We hear a lot of rumours

MR. BENNETT:

from Stephenville,

Mr. Speaker.

MR. NEARY:

You should hang your

heads in shame. (inaudible).

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER (Simms):

Order, please!

MR. BENNETT:

My question, Mr. Speaker,

is directed to the Minister of Social Services.

MR. NEARY:

(Inaudible).

MR. SPEAKER:

Order, please!

The hon. the member for

St. Barbe.

MR. BENNETT:

If I could have the attention of the House and the minister, Mr. Speaker, my question is directed to the Minister of Social Services. I am wondering how rigid or heavy-handed is your department in insisting that social assistance recipients accept employment?

41.

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

MR. HICKEY: Sorry, Mr. Speaker, I did not get the first of the question. I will repeat it to see if I got it. Is my department insisting that recipients accept employment?

MR. SPEAKER: Order, please!

MR. HICKEY: Is that the question?

MR. BENNETT: Yes.

MR. HICKEY: Wherever there is work available and the people are able bodied and able to work, yes.

MR. BENNETT: A supplementary, Mr. Speaker.

MR. SPEAKER: A supplementary, the hon. member for St. Barbe.

MR. BENNETT: Thank you, Mr. Speaker. Mr. Minister, can social recipients be selective in the type of employment that is designated? Can they have any preference in jobs whatever from your department?

MR. SPEAKER: The hon. the Minister of Social Services.

MR. HICKEY: Mr. Speaker, my department provides assistance to people who are unable to provide for themselves and their families. And whilst people may have to be trained in a certain profession, I do not think one can afford the luxury to stay out of employment simply because he cannot get a job in the profession in which he is skilled, if a job is available which he is quite capable and able to do. And therefore, my department provides assistance where - we are the sort of last resort. We provide assistance to people in need when there is no other way to provide for the - to fill the requirements that provide for the members of their family. I do not think that really we are doing anything outside of the spirit of the Social Assistance Act in doing that.

MR. BENNETT: A supplementary, Mr. Speaker.

MR. SPEAKER (SIMMS): A supplementary, the hon. member for St. Barbe.

MR. BENNETT: I had difficulty in hearing the minister. But, Mr. Minister, can recipients be taken to court for refusing employment that they find repulsive and for which they are not trained? Can they be taken to court, Mr. Minister?

MR. SPEAKER: The hon. the Minister of Social Services.

MR. HICKEY: That is a hypothetical question, Mr. Speaker. I would not know what information the hon. gentleman has, so therefore I am not going to respond to that question, 'Employment which is repulsive,' you know, he will have to be more definitive before I answer that. I will say that clearly it is written in the law that persons who neglect their children, refuse to take employment or who quit employment, causing the children or members of the family to be declared neglected, certainly is liable to a charge and can be taken to court. Certainly that is not done very often and it is only in the most serious, blatant situations where certainly action is taken.

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

MR. SPEAKER: A final supplementary, the hon. member for St. Barbe.

MR. BENNETT: I have reliable information, Mr. Speaker, from my district where a constituent receiving assistance from your department, and this is a single mother with one child-

MR. STAGG: So far.

MR. TULK: What a remark. Crawl back into your hole.

MR. BENNETT: - was obliged or expected to go and do work for which she was not trained and for which nursing aides had been relieved of their duties - apparently to save money from the department, from other departments, possibly the Department of Health.

MR. BENNETT: Now this girl who found the work repulsive, and certainly was not qualified for it - I might add, Mr. Speaker; that this single mother comes from a very good home, comes from a very good background and has made fantastic strides to find employment, and this girl is being taken to court on the 21st. of May -

MR. NEARY: (Inaudible) a letter.

MR. SPEAKER (Mr. Simms): Order!

MR. BENNETT: - and I am wondering just how tolerant the minister's department is, because the people in the area in question at the time, can hardly take - they are not very tolerant of this situation, Mr. Speaker, and I am wondering if the minister is tolerating this kind of abuse of people's rights?

MR. SPEAKER: The hon. Minister of Social Services.

MR. HICKEY: Mr. Speaker, this minister does not tolerate the abuse of anyone's rights, let us get that out of the way first of all. I suspect that the case the hon. gentleman is referring to, there is more to it than he is giving us or than he probably has. I certainly would not want to imply any wrong motives on his part in asking me the question, but I hope he can appreciate that I can hardly respond in the absence of the detailed information. I can certainly tell him right now that my department is quite tolerant when it comes to people being taken to court and charged with neglect. As I stated earlier, it is only under the most serious situations, the most blatant situations wherein a charge of that nature is laid. And the fact that it is a single mother concerns me even more, that there must be more information to the case than that provided by the hon. gentleman or indeed than that provided to the hon.

MR. HICKEY: gentleman; possibly he is unable to give me any more information.

MR. BENNETT: A supplementary.

MR. SPEAKER (Mr. Simms): I indicated a final supplementary unless the hon. member for LaPoile (Mr. Neary) wishes to yield.

MR. BENNETT: I would just like to ask the minister with your tolerance -

MR. SPEAKER: Well, I indicated a final supplementary, it will be up to the member for LaPoile if he wishes to yield.

MR. BENNETT: Well, Mr. Speaker -

MR. NEARY: I will yield.

MR. SPEAKER: The hon. member for Lapoile yields. The hon. member for St. Barbe.

MR. BENNETT: Thank you, Mr. Speaker. I certainly would like to know just how widespread - like I have a case in point, and I can get the minister all of the evidence surrounding this particular case, and I am wondering, Mr. Speaker, I doubt very much if this is an isolated case - I am wondering if the minister is getting any information from all around the Province because if I have one case in my district, which I think I have several - just how widespread is the problem that these people are being faced with and dragged into court by this department?

MR. SPEAKER: The hon. Minister of Social Services.

MR. HICKEY: It is a very serious problem, Mr. Speaker, in a number of parts of the Province with regards to single parents. The numbers of single parents continues to increase, and the problems that they face have become more difficult as time goes by. But I can certainly tell the hon. gentleman that I am unaware, and I am sure I would be aware,

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MR. HICKEY: if there were any large number of cases of this type that he refers to. I suggest to him that this case that he refers to is indeed an isolated one. And I would welcome all of the details he has. Based on what he has said so far, I certainly very much would like to cause an investigation to take place. And certainly if there is any unjust treatment or someone is using a heavy hand, then certainly I would want to have something to say about that. But in the absence of details, of course, I cannot respond further than I have

MR. T. HICKEY:

respond further than I have.

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

MR. S. NEARY: Mr. Speaker, down in Miami, down in Florida there is a Canadian mining tycoon being sued for \$10,000 in back rent. The name of the tycoon is Mr. George Beaubella, a Canadian businessman who may become enormously wealthy if his mining claims in Newfoundland come through. He is being sued in the Palm Beach Credit Court for falling \$10,000 behind in the rent of a Palm Beach mansion valued at - it was appraised at \$286,000. Would the hon. Minister of Mines and Energy (Mr. Barry), I wonder, tell us what he knows about Mr. Beaubella and a company called J. Tyler Mining and Exploration Limited of St. John's? And I might say, Mr. Speaker, that it was supposed to be incorporated in 1980; in a search that I conducted this morning in the registry there is no such company registered in this Province. Would the hon. gentleman care to shed some light on this particular situation?

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

MR. L. BARRY: Yes, Mr. Speaker. The gentleman in question and the either firm or corporation - if it is not incorporated, it is a firm - but the gentleman operated under J. Tyler Mining - I assume company or limited - and was involved, Mr. Speaker, in attempting to develop a barite deposit at Colliers Point out in Trinity Bay -

MR. F. STAGG: Norman's Cove.

MR. L. BARRY: - near Norman's Cove.

MR. L. BARRY: Mr. Speaker, I was asked a question in my Estimates about the same matter and I had to, at that time, speak somewhat generally. I mentioned the risks of people dealing with any operator who might be operating on a wing and a prayer.

MR. S. NEARY: According to this he lives kind of high.

MR. L. BARRY: But I had nothing, Mr. Speaker, other than some very general comments that were coming back to me second hand or third hand or fourth hand. However, since then, quite recently, as a matter of fact, today, earlier this morning, Mr. Speaker, I did have a meeting with a gentleman who is involved directly in business dealings relating to that mineral deposit with the gentleman in question and from that meeting I received the facts indicating that the operation was in financial difficulty.

Now, Mr. Speaker, you can appreciate that as a minister of the Crown or any member of this House with legislative immunity, I do not want to say anything that would injure or impair the reputation of any individual doing business in this Province without giving that individual an opportunity to express his side of the story. So all I can say, Mr. Speaker, is what I have said previously, what I said at the time of my Estimates, what I have always said whenever anybody has called me up with respect to

MR. BARRY: this developer or any other mineral developer, that it is a business world and anybody doing business with this gentleman or other mining developers do it at their own risk and they should make sure that they are protected. I can say, Mr. Speaker, that normally government would have more knowledge and would have more involvement where there is a potential mining development because we would be involved in the issuing of the mining claim. But this is one of the cases where, unfortunately, due to very bad policies with respect to mining land tenure in the past, there were fee simple grants given out in perpetuity. And it is a question then of the owner of the fee simple grant - and this is what has happened in this case - making a deal, an arrangement with this individual to develop a possible mineral deposit on the fee simple grant. So government has very little involvement other than to ensure that any taxes that are payable to government are complied with, that any environmental regulations are complied with or that any occupational health and safety regulations are complied with, or ultimately, if a mining operation were to start, to go underground, to make sure that the deposit was mined in the best method possible to avoid high grading and so forth, and even there, there is limited control by government under existing legislation.

MR. NEARY: No speeches now, that is enough.

MR. BARRY: I am sorry it took so long but it is important, Mr. Speaker, that when an individual's name is brought up in this House where we have legislative immunity, we make sure that we give as full a picture as possible so that members of the general public can form their own conclusions.

MR. NEARY: A supplementary, Mr. Speaker.

MR. SPEAKER (Simms): A final supplementary since we have limited time. The hon. the member for LaPoile.

MR. NEARY: Mr. Speaker, I thought it was only the Smallwood administration that dealt with Shylocks and shysters and scoundrels and rogues. Now, Mr. Beaubella apparently has good taste, according to his lawyer in Palm Beach.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Simms): Order, please!

MR. NEARY: Now, would the hon. gentleman tell us what involvement this Mr. Beaubella has with the provincial government? Were they given any money from the Newfoundland Development Loan Corporation? Do they owe any taxes? What happens to the grant? Does the government get it back? What happens to the creditors? Does this fly-by-night come in here and just walk away scot-free? What is the government doing about this? The government has been sitting on it now for some time apparently and it took an item in the Miami newspaper to bring it to light in this Province. I mean, is the minister sitting on this information or what?

MR. SPEAKER: The hon. the minister has about thirty seconds to reply.

MR. BARRY: Mr. Speaker, I have not sat on any information in this case or any other case. I thought I had explained that this is a fee simple mining grant that was given out, I think, in the 1930s or maybe even earlier - no, even earlier than that, Mr. Speaker. There was a barite operation out there that

MR. BARRY: terminated in 1903
because of an act of God.

MR. NEARY: You are the guys who
talk about giving things away - Mr. Beaubella apparently
got a great gift.

MR. BARRY: A storm washed away
a wharf and sunk the ship.

MR. SPEAKER (Simms): Order, please!

MR. HANCOCK: Too bad you did not go
with it.

MR. STAGG: (inaudible) did not
work out for him.

MR. NEARY: Everything (Inaudible) did not
work out, it is too bad.

MR. SPEAKER: Order, please!

MR. BARRY: Mr. Speaker, there surely
has not been any money given by any department that I am
involved with, and I am not aware of any monies being
given by government to this developer. It is a case
of the business community getting involved and they are
big boys and they make their deals and they have to en-
force them. And if this individual has done anything
improper, that he is in breach of the laws of this Province,
Mr. Speaker, I have asked -

MR. NEARY: How much taxes does he
owe?

MR. BARRY: - that the matter be
brought to the attention of the Department of Justice so
that a full investigation will be carried out in the
event that there is any breach of the laws of this Province.

MR. NEARY: Goodbye, Mr. Beaubella!

MR. BARRY: But, Mr. Speaker, I am not aware -

MR. NEARY: So long, it has been good
to know you.

MR. BARRY: I am not aware -

MR. NEARY: This crowd do not deal with (inaudible).

MR. SPEAKER(Simms): Order, please.

MR. BARRY: I am not aware, Mr. Speaker, that this individual is in any breach of any rules or regulations relating to my department.

MR. NEARY: Ah, we will see. So long, it has been good to know you.

MR. SPEAKER: The time for Oral Questions has expired.

ORDERS OF THE DAY

MR. MARSHALL: Motion 4.

MR. SPEAKER: It is moved and seconded that I do now leave the Chair for the House to resolve itself into a Committee of the Whole.

MR. MARSHALL: No.

MR. SPEAKER: I am sorry.

MR. MARSHALL: Mr. Speaker, motion 4, which is just first reading of those - motion 4, bills and one thing and another.

MR. SPEAKER: I do apologize, I thought you said Order 4.

Motion, the hon. the Minister of Justice to introduce a bill, "An Act To Provide Certain Rights For Blind Persons", carried. (Bill No. 62).

On motion, Bill No. 62 read a first time, ordered read a second time on tomorrow.

Motion, the hon. the Minister of Justice to introduce a bill, "An Act To Amend The Landlord And Tenant (Residential Tenancies) Act, 1973", carried. (Bill No. 59).

On motion, Bill No. 59 read a first time, ordered read a second time on tomorrow.

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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!

MR. CHAIRMAN(Butt): First of all, I would like to re-mind all hon. members of the time remaining in Committee. There were sixteen heads referred to Committees taking up forty-eight hours and we have three hours for each debate on the concurrence report which is nine hours. There were ten hours and fifty-two minutes used in Interim Supply so we have a total of sixty-seven hours and fifty-two minutes. The time remaining would be seven hours and eight minutes.

Head 1, Consolidated Fund Services. The large majority of this is, of course, statutory. The hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, just briefly on Consolidated Fund Services, the headings are 101 to, I think 105 inclusive, and the expenditures under these headings relate to the Provincial debt and the majority of items are interest on the borrowing programme, and pension fund. Under 101, it is estimated that the gross expenditure in '81-'82 will increase to \$221.3 million. That is an increase over last year of \$21 million and it relates, really, to additional interest expenses as the full effect of our borrowings last year, which, of course, took place part way through the year, the full effect comes-

MR. MARSHALL: Could I rise on a point of order, Mr. Chairman? I do not mean to interrupt my -

DR. COLLINS: Sure.

MR. CHAIRMAN: A point of order, the hon. the President of the Council.

MR. MARSHALL: But, Mr. Chairman, I just draw to your attention - I called Head 1 but 101 is statutory. There are a lot of these things which are statutory and are not subject to passage and I just rise to remind the Committee of that. I think pensions and gratuities are practically and the only things which are not statutory,

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MR. MARSHALL: But the Table can advise on that.

MR. CHAIRMAN (Butt): I pointed that out and really the only two to be considered are 105-02-02 and 105-02-11.

MR. STIRLING: Mr. Chairman.

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

MR. STIRLING: Mr. Chairman, I realize that but in the past we have had the courtesy from the other side of answering some questions if they were relevant to any heads here or for purpose of clarification.

MR. MARSHALL: (Inaudible) Mr. Chairman, if you were trying to stifle or curtail in any way, debate, it was purely and simply by way of clarification because I think it is important that the only ones that be called are the ones that are non-statutory. But, of course, the hon. minister, as he always does, is quite prepared to give the fullest information about the state of the economy of the Province.

MR. CHAIRMAN: Well, there is obviously no point of order.

The hon. the Minister of Finance.

DR. COLLINS: Mr. Chairman, again, just perhaps to save time in the committee and to give a brief rundown on these ones that probably will not excite much

DR. COLLINS:

comment, the increase there was mainly due to the fact that the borrowings last year which took place part way through the year - of course, now the interest charges on those will be for the full year. These are offset, of course, by some savings related to loans that matured through the year. There were also revenues related to provincial interest sources and these are estimated at nearly \$10 million, and that was because of substantial increase in income from very short-term investments. Also for the first time, the Province will receive a dividend from NIDC. I might just very briefly put that in context there. The loans to NIDC are interest-free, that is loans from Province to NIDC. NIDC actually does charge interest when it makes these funds available to companies and then when the companies repay, therefore they pay not only principal but interest, so NIDC therefore makes income. And this is the first time that we have had that income come in as a dividend.

Head 102 relates to debt management expenses and there is an increase of \$1 million over last year. We expect this year to have to go to the markets in the United States as well as in Europe and Canada. We went to Europe and Canada last year, we expect to go to the United States this year also. So that is the reason why there is an increased allocation under that heading.

With regard to pensions and gratuities, hon. members remember that last year, legislation was passed setting up the provincial fund to accept the payments in by those employed in the public service and also the matching amounts by the provincial government. It is estimated that this year, government will be paying into that fund just over \$16 million. On an interim basis the fund is being administered by Royal Trust and, of course, they invest these funds so we do get some income from their

DR. COLLINS: investment of those funds too.
That is a very interim measure, because we are actively looking into the way in which the fund should be administered on a permanent basis. So that is a very interim measure.

I think those are the main points that come out of that. Perhaps I could very briefly - this may come up again and I will be glad to answer further questions - just very briefly remind members of the Committee that our borrowing requirements this year will amount to - in total really, all borrowings will amount to about \$410 million.

MR. NEARY: 410 million?

DR. COLLINS: Yes, that is \$260 million for the Province, of which \$146 is for budgetary requirements and then there will be \$112 million for redemption,

DR. J. COLLINS: that is redemption of other previously incurred debt and \$28 million, approximately, for sinking fund purposes. In addition to the provincial borrowings, there will be a necessity to borrow \$125 million under Hydro and \$25 million for NMFC - NMFC, of course, is to assist municipalities throughout the Province.

MR. STIRLING: How much did you say that one was?

DR. J. COLLINS: \$25 million for NMFC.

MR. STIRLING: And \$125 was for -

DR. J. COLLINS: For Hydro. We will expect to borrow in round figures, perhaps \$100 million from the Alberta Heritage Fund, \$47 million, something of that order, from the Canada Pension Plan and the rest will come from the various public markets in Canada, the United States and in Europe.

MR. L. STIRLING: Do you mind repeating that? I did not hear.

DR. J. COLLINS: From Heritage approximately \$100 million, from Canada Pension Plan something very close to \$50 million. That is an amount that is made available to us. We get an indication from some federal sources as to the amount that will be available to us so that we expect it to be something in the vicinity of \$50 million, perhaps a little bit less, and then the rest will be from capital markets.

So with those few remarks,
Mr. Speaker, I move the adoption of these Estimates.

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

MR. L. STIRLING: Mr. Chairman, I would like to ask the minister if he would indicate where we borrowed the money last year and what was the effective rate of interest that we were paying. As I understood it, we borrowed some from Alberta but that we went into the European market. And although

MR. L. STIRLING: we have heard from the minister, ~~that~~, he has said that our credit rating was not considered by the American rating houses because we have not had to use the American funds, in actual fact, as I understand it, the European borrowing was in U.S. funds. I would like to ask the minister if he would tell us what the effective rate of interest is that we are paying on our borrowings? So, last year what did we borrow and what was the effective rate of interest?

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

DR. J. COLLINS: If he might have any other comments - any other questions, perhaps I could answer a number of them.

MR. L. STIRLING: I would prefer that we answer the question because I may have some others as a result of the answer.

DR. J. COLLINS: Mr. Chairman, in Europe we borrowed - as the hon. Leader of the Opposition (Mr. Stirling) mentioned - we borrowed in Eurodollars, Euro - U.S. dollars. We borrowed a total of \$60 billion which is equivalent to \$71 million Canadian and the rate there was 13.5 per cent. Now, I would have to check to see what was the discount there because there was, as there always is in a placement like that, a certain amount of discount below par value. So even though the coupon is 13.5 per cent, in actual fact the interest rate is a bit higher. I will just have to check and see what the discount was. I will get that information a little bit later, whilst the Committee are sitting.

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

MR. L. STIRLING: In dealing with the pensions- and I hope that we can get that information back before we move from this subhead - in dealing with the pensions as I understand from the Minister of Finance (Dr. Collins), he has mentioned that this year they are going to start funding. I would like to ask him, when he gives his answers, if he would tell us what the recommendation has been for the funding and will he tell us whether or not there is enough money in that contribution that we are now making to adequately fund the pensions of the Public Service and the teachers? Can he tell us if there is, in effect, an interim committee that is managing that money, or has it just been turned over by the government to the Royal Trust? What kind of control does the Committee have?

MR. STIRLING:

What kind of control would the provincial employees- what kind of input do the provincial employees have? Because after all, they have a vested interest in this pension fund. They have paid in their share. The government has not paid in its share and it is now starting to pay in its share. Would the Minister of Finance (Dr. Collins), when he gives us these answers, indicate what the actuarial study showed is the true liability of this Province to all of the people who have been paying into the pension plan? I understand he said we are putting in \$16 million this year. Does that look after it and what kind of projection do we have as to how much money should we put in this year in order to make that fund properly fund-aid the liabilities of the Province?

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

MR. NEARY: Mr. Chairman, what happened to the Minister of Finance? I wonder did he collapse? Is he gone out to look for information?

MR. SPEAKER: The Chair has no way of knowing, but I assume that is what it is.

MR. NEARY: The custom in this House -

I did not expect Your Honour to answer me, I am merely posing the question. I know Your Honour can never answer a question that is put to the Chair. If Your Honour wants to volunteer the information I would be glad to have it. But I am asking Your Honour, what happened to the Minister of Finance? Did he collapse? Did my hon. friend, the Leader of the Opposition (Mr. Stirling), frighten him? Is he scared? Why did he leave the House? Is he gone out to get some information for the hon. Minister of Finance?

MR. NEARY: Mr. Chairman, it is customary in this House that if the minister is ignorant of the facts, if the minister does not know the answers to questions put by members of this House, on either side of the House, if the minister is in the dark as far as the operation of his department is concerned, then it is customary for the hon. gentleman, and we agreed, we agreed to this, to bring his Deputy Minister, or to bring some of his officials into the House to sit down beside him and as we put the questions to the ministers, we cannot ask the officials questions, but as we put the questions to the ministers the officials can provide the minister with the information and in that way would expedite the work of the Committee. Now, that is the way it has worked for twenty years -

AN HON. MEMBER: (Inaudible)

MR. TULK: Do not be so ignorant.

MR. THOMS: That is the way Joey did it.

MR. NEARY: - and I would assume, Mr. Chairman, that it would work again.

But if the minister is so vain and so proud that he does not want to let the House know that he does not know what is going on in his department, then it is going to delay the proceedings of the Committee because he always has to be jumping up, running out, getting on the phone, or asking his officials out in the Common Room, the answers to questions.

It is far better the minister acknowledge the fact that he does not know - and he has proven that in this House - about the operation of his department, bring the officials in so we can ask some intelligent questions and hope that we can get some intelligent answers.

MR. TULK: He probably did not even know that he could bring them in.

MR. NEARY: Now, Mr. Chairman, my hon. colleague, the Leader of the Opposition (Mr. Stirling) raised the matter of the public debt and as we know, as we have been told, and as has been publicized so often, but I do not think that it bears - it does bear repeating and I do not think we would be remiss in our responsibilities and our obligation to the people of this Province, to the taxpayers of Newfoundlanders, if we repeated again the amount of the public debt at the end of this fiscal year. It will be \$3.2 billion, or \$3,200,000,000.

Now, Mr. Chairman, let me say this about the public debt. The Government of Canada has the highest per capita public debt in North America. The Government of Canada does.

MR. TULK: In the Western world.

MR. NEARY: In the Western world, probably in the Western world, the highest per capita debt.

MR. NEARY: Now, Mr. Chairman, who does Your Honour think is next in line to the wealthy Government of Canada? Who would Your Honour say? Would Your Honour care to take a guess as to who is next in line to the Government of Canada which has the highest per capita public debt in the whole of North America? Who is next in line?

MR. TULK: Let me guess.

MR. STIRLING: Panama.

MR. TULK: Let me guess.

MR. NEARY: Ah, no. Mr. Beaubella might be, I do not know. Maybe Mr. Beaubella of Tyler Mining might be next in line. No, Mr. Chairman, Newfoundland and Labrador is next to the Government of Canada. We have the second highest per capita debt in the whole of this hemisphere.

Now, Mr. Chairman, that would not be so bad if we had the tax base to support that public debt, but we do not have the tax base. And I am becoming increasingly concerned from what I can hear from the bond markets, I am becoming increasingly concerned about the public debt of this Province.

Over in Nova Scotia there, as I said in the House a short while ago, the members of the Legislature in Nova Scotia are concerned because their public debt is approaching \$1 billion. They are concerned They think the province is going to be bankrupt. But here in Newfoundland we are up now to \$3.2 billion. And the minister just told us there a few moments ago that our borrowing this year is not going to be \$200 million as he indicated when we were debating other matters in this House, not going to be \$200

MR. NEARY: million, but the borrowing this year by the Department of Finance, by the Newfoundland Hydro Corporation, by the Municipal Corporation, and by various other government corporations, the total borrowing will be upwards of \$400 million, upwards of \$400 million. That is the first time we had that figure thrown on the floor of the House. What was the figure used, \$400 and what million? \$400 and how much?

AN HON. MEMBER: \$10 million.

MR. NEARY: \$410 million will be borrowed this year in a market that is unstable, I could use the phrase that the Premier used yesterday, that was kind of contradictory. When he was referring to the Minister of DREE (Mr. De Bane) he said he was static and unstable.

AN HON. MEMBER: Yes.

MR. NEARY: Static and unstable.

DR. COLLINS: Erratic and unstable.

MR. NEARY: The bond market is erratic at the moment, to say the least. And I would submit to you, Mr. Chairman, that it is going to cost us an arm and a leg to borrow that \$410 million this year. The minister told us we managed to get away with 13.25 per cent, I believe, when we last borrowed in Europe.

MR. STIRLING: That has gone up since then, it is much higher than that.

MR. NEARY: Well, I suspected at the time he gave me the answer it was much higher than that. But this year it is going to be much higher again, and we will be lucky in this Province if we can get money for 17 per cent or 18 per cent interest.

MR. NEARY: The Government of Canada on its borrowing last week or the week before last, paid over 16 per cent on their bonds.

MR. TULK: 16.25 per cent.

MR. NEARY: 16.25. This Province this year will pay about 17 per cent or 18 per cent.

MR. WHITE: You can get it from GMAC for 14 per cent.

MR. NEARY: Mr. Chairman that is frightening. That is frightening. I am not saying the government is bankrupt, but I would say we are headed for financial disaster in this Province.

As members know, the investors are no longer getting themselves involved in long-term bonds, they want a quick turn over. They want to roll over their bonds now in a year or possibly the outside of three years. Six months or a year is what they are looking for, six months or a year. They have been bitten and scald

MR. NEARY: and burnt too often on long-term financing and loaning money for long periods of time, now they want to roll over their money in six months or a year. And that is going to make it very difficult for this Province, Mr. Chairman, because \$263 million that the government will borrow, out of \$410 million, will be from private investors, \$100 million will come from Alberta and they will soon own us body and soul. No wonder the provincial government is supporting Mr. Lougheed in trying to get oil up to world prices, they practically own us now body and soul. Another \$100 million this year from Alberta, \$47 million from the Canada Pension Plan and \$263 million from private investors who are reluctant to become involved in long-term bonds, they want to make quick money, fast money. And so I do not know what that is going to do to the borrowing of this Province or what it is going to do for the interest rate.

So, Mr. Chairman, these are the matters that the Minister of Finance (Dr. Collins) should address himself to, these are the matters. This is the most important and crucial matter to be raised in this House in this session, the public debt. I asked the minister a question some time ago and he told me that I did not know what I was talking about when I claimed that this Province was now borrowing money, paying interest on that borrowing -

DR. COLLINS: Yes, you did not know what you were talking about.

MR. NEARY: - to pay off the interest on money that was borrowed previously. And the minister almost confirmed that for me there a few moments ago. Once you reach that stage -

MR. COLLINS: No, I confirmed that you did not know what you were talking about.

MR. NEARY: The minister almost confirmed

MR. NEARY: it for me when he told us we have to borrow \$410 million this year. Some of that money will go towards paying the interest on money borrowed previously by the government.

DR. COLLINS: No, interest comes out of current account, the surplus on current account.

MR. NEARY: Oh, interest comes out of current accounts, oh, just imagine. How much are we borrowing this year, \$410 million?

DR. COLLINS: The Province, Hydro and NMFC are borrowing that total amount.

MR. NEARY: I see.

MR. CHAIRMAN (Butt): Order, please!

The hon. member's time is up.

MR. NEARY: Well, if I can have somebody give me a break, I will go back at it again, Mr. Chairman.

MR. CHAIRMAN: The hon. Minister of Finance.

DR. COLLINS: Mr. Chairman, I am going to answer a sensible question first and then I will get onto the other ones.

The sensible question was asked by the hon. the Leader of the Opposition (Mr. Stirling). He wanted some precise information, which I did not have readily at hand nor would it have occurred to me to have it readily at hand, but if he wanted the precise information I wanted to get it for him and that is why I left the House temporarily. And I have someone sitting in the Common Room outside, near a phone for that specific purpose, to get precise information that might come unexpectedly.

Now, the precise information that the hon. Leader of the Opposition wanted was related to the exact discount rate on our borrowing in Europe. And that discount rate was ninety-nine as opposed to the par value of 100. So that meant that the coupon rate on the \$60 million US

DR. COLLINS: or \$71 Canadian was 13.5 per cent. It actually worked out, when you take into consideration that discount rate, at an interest rate of 13.72 per cent. And that was the precise information that I went out to get and I hope the Leader of the Opposition (Mr. Stirling)-- it was a perfectly good question, I am not certain what he wants to do with it, but, anyway, I hope that he is happy with that - 13.72 per cent, to two decimal places, was the interest we paid.

Now, I would like to answer the hon. member for LaPoile (Mr. Neary) and I am going to say this very slowly now: Our capital account for which we borrow, for which the Province has just about always borrowed to my knowledge - my personal knowledge does not reach back all that far but I have been informed that we practically always borrow for capital account - that is to build things like hospitals and so on and so forth and capital construction of roads and so on and so forth, our capital account this year will be \$156.5 million. Now, we do not borrow all that amount because we have a surplus on our current account, we have a surplus this year of \$10.5 million.

Now, Mr. Chairman, I am going to make a point here and I think it is an important point. We compare ourselves frequently with the Maritime provinces; I will not compare ourselves with PEI because the difference in population and difference in economy are too wide, so it is not much point in comparing

DR. COLLINS: ourselves there. So let us compare ourselves with Nova Scotia. In Nova Scotia, on their current account, they have a deficit of \$140 million. Now, in Newfoundland, we have a surplus of \$10.5. In Nova Scotia, they have a current deficit of \$140 million. Even in New Brunswick, who seem to have a better handle on things at this point in time, they have a current account deficit of \$10 million. So, in Newfoundland, we have not done too badly.

Now, what we do with that \$10.5 million surplus on current account, we apply that against our capital account which therefore reduces our net capital requirements to \$146 million. So that is what the Province is actually borrowing this year for capital account expenditures.

Now, if the hon. members wish us not to borrow that they had better vote in that way because then they will be voting against building clinics and building hospitals and building bridges and building roads and various matters like that. Now, if they want to vote that way, that is their democratic right.

So, we are borrowing for actual capital construction this year, \$146 million. Now, in addition to that we roll over some past debts. We redeem some past debt and this year we are going to redeem \$84.5 million. This is debt that was contracted, oh, up to twenty years ago, perhaps. And we are going to redeem some of that. That is going to cost us \$84.5 million.

MR. DINN: (Inaudible) and rubber factories and stuff like that.

DR. COLLINS: Rubber factories, chocolate factories, you name it.

In addition to that, we set aside a certain amount of money in sinking funds which will accumulate over the years and help us redeem debt further down the road. And this year we are setting aside, and therefore have to borrow, \$28.5 million. So the total borrowing for the Province, for the

DR. COLLINS: Province itself, works out at \$259 million. Now, in addition to that, this is where the figure I gave of \$410 million comes from, in addition to that, Newfoundland Hydro, which is an agency of government but is not the direct provincial borrowing situation, it is an agency of government, a fairly independent agency of government and that is the way utilities are set up, so Newfoundland Hydro for its capital works will borrow \$125 million.

MR. NEARY: What for?

DR. COLLINS: For capital works.

MR. NEARY: What is it you are going to get?

DR. COLLINS: Well, you heard one capital works today from the hon. Minister of Mines and Energy (Mr. Barry).

MR. MOORES: You are not borrowing on that (inaudible).

DR. COLLINS: And I am just checking my figures here now to make sure. Yes, and the Newfoundland Municipal Financing Corporation will borrow \$25 million. That is for water and sewer and other works that are important to the development of our municipalities.

What happens is that a municipality will want to put in a public work and they will go to the bank and they will borrow money from the bank but, of course, they borrow at fairly high bank rates. What the government then does is it borrows on the long-term market where we can get a much better rate and we replace the municipalities bank debt with this long-term funding which is of benefit to the municipalities and that is why we are into NMFC borrowing.

So, I think that should make it fairly clear. So, you know, we have a very responsible borrowing programme in front of us. I wish it was smaller, but who would not? But, in view of the services we have to put in - we are much behind other provinces, even in the Maritimes, in our public services, especially in the capital public services. And we want to catch up and we are catching up to the best of our

DR. COLLINS: ability. It is a slow business but we have to catch up or we would not be serving our people as we should be so we are catching up. We are borrowing in order to catch up.

Now, I would like to just make a few comments about the public sector debt which the hon. member for LaPoile (Mr. Neary) brings up time and time again. It is high, there is no doubt it, and it has accumulated over the years for the very reasons that I mentioned there. We had to catch up and if you - I used this figure in Committee in another context when we were discussing the Estimates, Department of Finance. I think the hon. member for LaPoile mentioned that in 1971, that \$700 million was the debt of the Province, the direct

DR. COLLINS: debt of the Province. Now, I think it was more than that in actual fact. I meant to check it out; but I think it was more than that, I think it was nearer to \$1 billion. I think it was more than \$700 million. Anyway, even if you take \$700 million and you discount that at only 10 per cent - now, the inflation rate at the present time is higher than that, but if you only take a 10 per cent discount rate and you discount it over the last ten years that have elapsed since 1971, that \$700 million is equivalent to \$1.8 billion, so that in actual fact, when you talk about \$700 million debt in 1971 you are equating that with a \$1.8 billion debt in 1981. Now, that is borne out by this fact: If you take our total public sector debt, that is, the direct debt of the Province and our guaranteed debt, in 1977 that amount was \$2.245 billion - in 1977 our total public sector debt. Now, that debt has been increasing since that time, and as the hon. the member for LaPoile (Mr. Neary) pointed out, it is now up to something in the order of \$3.2 billion including this year, 1981 - 1982. Now that, in actual fact, is an increase of the order of 6.5 per cent to 7 per cent. In actual fact, the order of increase from 1977 to 1978 was 7.1 per cent; from 1978 to 1979 it was 7.6 per cent; from 1979 to 1980 it was 6 per cent; from 1980 to 1981 it was 6.6 per cent. In other words, our public sector debt has been increasing at considerably less than the inflation rate.

MR. DINN: Hear, hear!

DR. COLLINS: In other words, we are getting on top of our public sector debt.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: If your public sector debt is increasing at a lesser rate than the dollar is declining in value, you are getting on top of your debt.

SOME HON. MEMBERS: Oh, oh!

DR. COLLINS: Now, just those points, I think, they are worth making and any other points that will come up I will certainly do my very best to answer them.

MR. MARSHALL: Did interest stop on the debt before 19 -

DR. COLLINS: No, it did not.

MR. MARSHALL: Oh, amazing! Amazing!

MR. NEARY: Mr. Chairman.

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

MR. NEARY: Mr. Chairman, if I can get my legs underneath me here. The Minister of Finance (Dr. Collins) really opened up a can of worms now, Sir. I do not know what convoluted logic he was using when he was calculating the rate of inflation on \$700 million, which was the public debt ten years ago, back in 1972. I do not know what formula he used to arrive at the conclusion that all that happened was that the public debt went up less than the rate of interest for these years. That is what the hon. gentleman is saying, 5 per cent or 6 per cent in 1978, 6 per cent or 7 per cent in 1979, etc. The actual fact of the matter is, Mr. Chairman, that the public debt since 1972 has gone up by almost 365 per cent.

MR. MOORES: That is right.

MR. NEARY: The public debt has more than tripled in less than ten years. That is the fact of the matter, that is the public record, that cannot be denied. Now, Mr. Chairman, what drove up the public debt? The minister opened up the can of worms, I did not. Well, I will give the minister a couple of examples of what drove the public debt up that you cannot attribute to inflation? Number one, the government back in 1974 set off two explosions on either side of the Strait of Belle Isle to officially start the development of the Lower Churchill. Now, we had a statement in this House

MR. NEARY: today by the Minister of Mines and Energy (Mr. Barry). Six years later the Minister of Mines tells us that the Lower Churchill in all probability will not start for several years down the road. But, Mr. Chairman, how stunned do they think we are in this Province? How stupid do they think we are? Why, even a kindergarten student knows that back in 1974, Mr. Moores, who was then the Premier of this Province,

MR. NEARY: went down to St. Barbe, pushed a plunger, set off an explosion on this side of the Strait of Belle Isle and then got aboard a helicopter, went across to the other side, set off another explosion to officially commence the development of the Lower Churchill. And, of course, after the election was over in 1975, the project was forgotten and cancelled. But what was the cost, Mr. Chairman, what was the cost? \$210 million. That is what these two little explosions cost the taxpayers of this Province, \$210 million.

Now, that is only one item. Let me take another item, Labrador Linerboard in Stephenville, a private enterprise venture, private enterprise. What happened there? Well, Messrs Crosbie and couple of more bully boys in this House who could not get any contracts with Canadian Javelin, who could not suck in, who could not sell the equipment, who could not get the contracts, who could not get their payoffs, decided that we could not, the government could not leave that in the hands of Canadian Javelin, which was a Canadian company, they decided to nationalize it and took the private company off the hook, and it ended up in the hands of Abitibi - Price \$550 million later, \$550 million of taxpayers' money ploughed into that project, ploughed into it, and then they gave it away at the end to Abitibi-Price as a gift.

And the gentleman who did the report recently at the university, tells us that they may operate it and they may not, they may just use it for a tax write-off. That is \$550 million plus \$210 million, how much is that so far?

MR. TULK: \$760 million.

MR. NEARY: \$760 million that had to be borrowed. Is that inflation?

MR. NEARY: Now let us talk about the Churchill Falls takeover, Churchill Falls. Messrs Crosbie and his little gang of bullies at the time decided that they would nationalize the Churchill Falls Corporation. How much did that cost the taxpayers, that little folly? How much did that charade cost? And the argument they used at the time - listen to this just in case they think that we have bad memories in this Province - what was the excuse they used? The excuse they used for nationalizing the Churchill Falls Corporation was because they had to get control of the rights to the Lower Churchill, to the Muskrat Falls, they had to get these rights back in order to develop the Lower Churchill. Now, how long ago was that? That was eight years ago. Has something happened? Have I been sleeping for the last eight or nine years? Has the development of the Lower Churchill gone ahead? Has the development of the Muskrat Falls gone ahead?

SOME HON. MEMBERS: No.

MR. NEARY: No? But it was urgent at the time, they had to nationalize the Churchill Falls Corporation in order to get it back to develop the Lower Churchill. It is not developed yet. How much did that cost? I believe it is in the vicinity - write them down, will you. Write these figures down somebody. \$210 million for setting off the explosions, \$550 for nationalizing Labrador Linerboard and then giving it away, \$350 million for Churchill Falls which is really, Mr. Chairman, a very conservative figure, I think it is much higher than that. Now, add that up and see how much it is.

MR. NEARY: That is \$1,110,000,000 added to our provincial debt that was not caused by inflation. Now add the interest on to that. Add 13.5 per cent interest on to that for the last eight years. Mr. Chairman, there are the real reasons for the increase in the public debt, right there, and I only mentioned three items. I could go on and

MR. NEARY: mention several other items; the helicopter contract, the rental of Atlantic Place that we have not been able to get to the roots of yet, we have not been able to get - and I understand, Mr. Chairman, \$1 million has been spent on renovations at Atlantic Place with no agreement signed to rent the space. My God, I mean, do they think we are all cracked in this Province? So three items alone, the three items I just mentioned, cost the taxpayers of this Province, and the money had to be borrowed and interest paid on it, in principal alone, over \$1 billion and probably another \$400 million or \$500 million in interest.

MR. TULK: You are looking at \$1.5 billion there.

MR. NEARY: \$1.5 billion! The minister must have the face of a robber's horse to stand up and tell us that this is brought about by in - two minutes, Mr. Chairman.

MR. TULK: Now we know why they have not been able (inaudible).

MR. NEARY: Mr. Chairman, the fact of the matter is that this money was spent, over \$1 billion spent, and not a thing to show for it except that they created a monster that is now coming back to eat us. It was a mistake. It was a blunder, a colossal blunder, it was mismanagement, it was poor timing to nationalize the Churchill Falls when they did. It was a colossal blunder to nationalize the Linerboard as they did and they used the flimsy excuse that has never been proven, that they had to bail it out or it would have failed. Well, why did they not let it fail and then move in and take it over? Why did they not?

MR. TULK: Crosbie would not let them.

MR. NEARY: Because Mr. Crosbie wanted and others wanted to get their sticky little fingers on the contracts and on the purchase of equipment, etc. etc. etc. and I will say it anywhere. It has already been said outside of the House. The Time Has Come To Tell - the hon. gentleman should read the book The Time Has Come To Tell and he will see that it has been said, but there are no libel suits that I heard of.

MR. CARTER: Do not be so foolish. It was said by a fool. I do not (inaudible) by fools.

MR. NEARY: The first boat that sailed in - as soon as they took her over, the first bills that were paid were bills that were owing to Crosbie's for purchase of equipment - and the first boat to sail in for a load of Labrador linerboard was the Chesley A. Crosbie.

AN HON. MEMBER: Right on!

MR. NEARY: These are all matters of public record, Mr. Chairman. And the trucking; who then took over the trucking?

MR. TULK: The big C was on the West Coast everywhere.

MR. NEARY: Who took over the trucking?

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: The Time Has Come To Tell did not tell it all. Some day that story will be told.

AN HON. MEMBER: Your time is up.

MR. NEARY: Well, my time is up and if I get a break I will be back at it again, Mr. Chairman.

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

DR. COLLINS: Mr. Chairman, I really should not do this because it makes me worse than the hon. member for LaPoile (Mr. Neary), really, but I just cannot prevent myself from doing it. Now, let us go over these figures. The hon. member for LaPoile says that the previous administration borrowed \$210 million for the Belle Isle crossing - all right? - then borrowed \$550 million for Labrador Linerboard, then borrowed \$350 million for CFLCo, \$1.11 billion. Then, he said, add to that for eight years, interest at 13 per cent. That works out -13 per cent on that works out to \$144.3 million multiplied by eight years it works out at \$1,159,500,000 interest, add that to the \$1.1 billion, you end up with a direct provincial debt of \$2,264,500,000.

Mr. Chairman, the total provincial direct debt at the end of March 1981 was only \$1.732 million. So according to the hon. member's calculations, we borrowed more than we now owe or we did not borrow for anything else but those two projects. Now, as I say, I am sillier than the hon. member for LaPoile for replying to this, it is so ridiculous.

MR. NEARY: We know how silly you are.

DR. COLLINS: But I could not prevent myself from doing it. So, I mean, this epitomizes how the Opposition look at the estimates that are brought before this

DR. COLLINS: House. They do not pay any attention to the estimates, to the real issues in the estimates. They do not serve the people in this Province by asking information, by eliciting information, by making information available to the people of this Province which they have every right to have, they get on with all this foolishness and all this nonsense, and then the time passes by and no one is any the wiser. It is a waste of everyone's time, including the members of this House, including the press, including Hansard. I pity the poor girls who have to type all this rubbish that we hear time and time again. I am nauseated from hearing about those two explosions. I suppose the hon. member has mentioned them about twenty-five times - that is very conservative and not even a progressive conservative count, that is a small 'c' conservative count, - I have heard it that many times.

So I would implore hon. members opposite to ask some sensible questions so I can make some sensible answers.

SOME HON. MEMBERS: Hear, hear!

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

MR. STIRLING: Yes, I would like for the Minister of Finance (Dr. Collins) to explain to us what it is out of Newfoundland Hydro - what it is that \$125 million is for, \$125 million that we are going to be borrowing for Newfoundland Hydro? And maybe if the minister would like to have some help from the Minister of Energy (Mr. Barry), he would be glad to get the information. Could you tell us what that is for?

MR. STIRLING: I take it we are not going to get any answer.

DR. COLLINS: Mr. Chairman.

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

DR. COLLINS: Mr. Chairman, I mentioned that point as general information. It is not in the Estimates in terms of Consolidated Fund Services. If the hon. the Minister of Mines and Energy (Mr. Barry) wishes to answer it, he is quite welcome to do it. As I say, it is not in my estimates here, Consolidated Fund estimates. To get that precise breakdown I would have to go and get that information myself. All I can say is, it is for capital expenditure by Hydro and some of the capital expenditure, a certain amount, would be Cat Arm this year -

MR. BARRY: The Northern Peninsula and Hinds Lake.

DR. COLLINS: - and Hinds Lake, that type of thing.

MR. BARRY: The Upper Salmon.

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

MR. STIRLING: Thank you very much.

Mr. Chairman, I think that is the very point, the point that my colleague, the member for LaPoile (Mr. Neary), brought out. You see, the government is having it both ways, they are taking credit for having Newfoundland Hydro as one of their creatures that they have to provide in the borrowing for, and when we are now going to be looking at this rate increase, Newfoundland Hydro is saying, 'Well, the reason that we need the rate increase is that we need to maintain our independence. We need to make a profit so that we can assure the money markets of the world that we are independent and we can stand on our own feet,' when in actual fact, Mr. Chairman, what we are now seeing here is that the government has to use its credit rating, which may be a lot less

MR. STIRLING: than Hydro's credit rating, but Hydro is not going to be able to get a better rating than the government, because in actual fact, as the Minister of Finance (Dr. Collins) has said, Hydro is a creature of this government, it is included in its borrowing. So, Mr. Chairman, there is somewhere a great inconsistency and it is the kind of inconsistency that this government shows over and over again, the confusion that they are causing. On one hand they get up to defend Hydro. Newfoundland Hydro, they say, needs an additional rate increase. The main reason they give for a rate increase is to pay off their capital expenditure and to get this what they call an interest cover, a profit for a non-profit corporation. And yet now when we are considering the Estimates, the Minister of Finance says that they have to borrow \$125 million on the credit of the Province. So you cannot have it both ways, Mr. Chairman, and I am glad to get an admission from the Minister of Finance that when Hydro talks in terms of getting additional money to preserve their financial situation, it is mainly for the well-being and the good feeling that the members of Hydro get when they sit down with their friends in the money market and with other Hydro corporations and talk as though they were independent, when in actual fact, they are an arm of the government and no matter how much money they make their bonds will still be the same lousy credit rate that this Province has after eight years of Tory rule.

MR. MOORES: Right on!

MR. STIRLING: So, Mr. Chairman, let us get it in the record now, so that we do not get this kind of garbage the next time that we make the point, that Hydro does not need to make a profit. Because Hydro is going to depend on the government. And the \$125 million -

SOME HON. MEMBERS: Oh, oh!

MR. STIRLING: The Minister of Finance (Dr. Collins) has the gall to turn to my colleague, the member for LaPoile (Mr. Neary) and accuse him of wasting the time of the House because he asks these pertinent questions. And then he gets up and says, 'Well, I really do not know what the \$125 million is for. I mean, I really do not have those kinds of details, I just threw it in there, it is in the \$410 million, and maybe if the Minister of Mines and Energy (Mr. Barry) would like to help out, I would like the Minister of Mines and Energy, maybe, to answer the question. I do not really know what it is. It must be for something that has to do with energy.'

DR. COLLINS: Do you want me to get the details?

MR. STIRLING: How come we are not getting satisfactory answers? Now, let us get some satisfactory answers. We can play this game any way that the government wants to. The government sets the rules, so we will play the game whatever way they like. If they want to make just political statements, we will make political statements; if they want to give us some detailed information so that we can make some kind of an assessment of the kind of job that they are doing, then let us have some detailed information. But let us not go on with an attack - the total attack from that side of the House is an attack against my good friend, the member for LaPoile. Now, can we get the details of what that \$125 million is for?

MR. NEARY: Too effective (inaudible).

The questions are too penetrating.

MR. STIRLING: Can we also get from the Minister

MR. STIRLING:

of Finance (Dr. Collins) an indication of what new money is going to be spent on municipal financing? Now, if I could have the minister - I know he has to consult with the member for St. John's West (Mr. Barrett) - but if I could have his attention again for a minute. I would like for you to get up and confirm that this \$25 million of municipal financing - the impression that you gave when you were talking about municipal financing and how important it was for the municipalities, this new municipal financing - the truth of the matter is that that money has already been spent, that the municipal installations, the water and sewerage installations, are already spent. It is just like when the minister in his budget talked about \$37 million for new schools. \$20 million of that was to pay for old debts, schools constructed five and ten years ago but it was included as \$37 million. That \$25 million for municipal financing is for water and sewer work already done by the municipalities and it is just a matter of changing that debt over. So there is no new financing in there for municipalities.

Mr. Chairman, since we have a relatively limited amount of time left, and we have three other subheads, I would hope that the Minister of Finance will now bring us in some detailed information so that we can get on with the other questions.

DR. COLLINS: Mr. Chairman.

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

DR. COLLINS: Mr. Chairman, the hon. Leader of the Opposition (Mr. Stirling) goes on about Hydro. Now, I do not know whether he understands the situation or not quite frankly. Perhaps he does but he is just making a debating point. If so, I think he is wasting the time of the Committee. If he does not I think I should try to inform him. Hydro, the Province does not borrow for Hydro, that is the first point. Now, some of the remarks of the hon. Leader of the Opposition suggested that the Province borrows for Hydro. The Province

DR. COLLINS: does not borrow for Hydro.

Hydro borrows for Hydro. Now, Hydro borrows with a provincial guarantee and that is why that enters into our public sector debt. Because our public sector debt is in two parts; that is amounts that the Province borrows for itself and the amounts that agencies and other individuals or other arms borrow for themselves but are guaranteed by the Province. So that is the first point. I hope the hon. Leader of the Opposition (Mr. Stirling) has that clear. Hydro does its own borrowing but it does it with a guarantee, therefore it goes on to our public sector debt.

Now, Hydro has made the point that it does wish to make a profit on its operations and this is why I went to the PUB. Now, that profit is a very small profit and it will take time, a considerable period of time, for it to really have any influence on the way the financial markets view Newfoundland Hydro. But at some point in time presumably it will make enough difference that Newfoundland Hydro will be able to borrow without provincial guarantee. And that is where Newfoundland Hydro would like to get. In other words, it would like to get to the situation where Quebec Hydro is now. Quebec Hydro does not need a provincial guarantee. It is strong enough so that it can borrow totally on its own, totally at its own borrowing rate, has no need to go for a guarantee.

MR. MOORES: Wrong.

DR. COLLINS: Now, the hon. member for Carbonear (Mr. Moores) says, 'wrong'. He is referring to the fact that the provincial government is now going to tax Hydro Quebec, in other words, take away some of their profits through taxes and in time that may so erode the image of Hydro Quebec in the financial markets that they will indeed need to go back and have a guarantee from the Province. That may be so. Some time ~~later on~~ ^{down the road} that may be so, but at this point in time Hydro Quebec is in the fortunate position that it is such a profitable

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DR. COLLINS: organization it does not need a provincial guarantee. And, as a matter of fact, its rating in the market is usually stronger than the province itself. Newfoundland Hydro is not at that. It would like to get at it. It is a good aim. That is why it would like to make a small profit and, hopefully, that in time will build up and perhaps in a period of time, when we do have our Water Reversion Act through and so on and so forth, that Hydro Newfoundland will become a very profitable organization and it will be able to borrow

DR. COLLINS: without guarantees from the Province in short order. Now, the hon. Leader of the Opposition also asked me about details on the borrowings for Newfoundland Hydro and I said I did not have them and I do not have them because it is not my responsibility. I prefer these estimates. Now, the Leader of the Opposition is critical of that, but that is just because he does not understand how this process works. When you are considering these estimates, you are considering these estimates, if you are considering the estimates of Newfoundland Hydro, that is the responsibility of the Minister of Mines and Energy (Mr. L. Barry) and Mines and Energy will have those estimates, that information available at that time. When I was referring to the amount of borrowing that Hydro.

Newfoundland is doing this year, I was relating that to our public sector debt which certainly is my responsibility in the position I am in. So I do have to know what the total amount of borrowing Newfoundland Hydro is going to do so that I can see how it is relating to our public sector debt. But I do not have the details, nor do I wish to have the details particularly, but I will get them. If the hon. members Opposite insist, I will ask my hon. colleague in Mines and Energy to please give me the details that he has in his estimates. His estimates are through, so the hon. members opposite should already have those details. If the hon. members opposite were doing their job they would already know that point, they would not need to go to it.

AN HON. MEMBER: Where is the item?

DR. COLLINS: It is not in here at all, it is just related to our public sector debt. It is \$125 million anyway.

SOME HON. MEMBERS: Oh, oh!

DR. COLLINS: But -

MR. SPEAKER(Simms): Order, please!

DR. COLLINS: - if the hon. Leader of the Opposition insists on debate on certain estimates, keeps going to other estimates, you know, clearly we will never get any further ahead and it will be just a further waste of time in the House.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Chairman.

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

MR. S. NEARY: It is a waste of the time of the House, alright, Mr. Chairman, trying to get some information on the second highest public debt in Canada. That is a kind of a waste of time alright, and the minister stonewalling, refusing to give us the information. I asked a question there about a half and hour ago about what the minister thinks the interest rate will be this year on our borrowing, I have not got the answer yet. And, I suppose, tomorrow we will pick up one of the newspapers and they will say "Oh, the minister easily handled questions from the Opposition" and at that particular committee meeting he never dealt with one question, never gave us a straight answer. The hon. gentleman is obviously an incompetent. I do not know what kind of a bedside manner he has, but when it comes to Minister of Finance he is a complete and utter disaster and an incompetent. He is a quack Minister of Finance. I would not say he is a quack doctor but a quack Minister of Finance.

AN HON. MEMBER: (Inaudible)

MR. S. NEARY: Hurting alright, Mr. - the hon. gentleman-look, behind him is seated the ultimate in Toryism in this Province and I would say that the hon. gentleman is number two in line, number two.

MR. STIRLING: The hon. member for St. John's East would challenge you but he is not here.

MR. S. NEARY: Well, there are three of them over there, there is St. John's North, St. John's East and what is the -

MR. CALLAN: There are only three of them over there.

MR. S. NEARY: - the Minister of Finance, what is his district?

AN HON. MEMBER: South.

MR. S. NEARY: - South, St. John's South. And I guarantee you if you put the three of them in a Tory bag you would not know which one would come out first.

MR. STAGG: All on the right side.

MR. S. NEARY: You would not know which one- you would not be able to tell which one would crawl out first, scrape and crawl out.

MR. CHAIRMAN (Baird): I suggest the member is beginning to stray a little.

MR. S. NEARY: No, Sir, I am talking about the Minister of Finance and it has to do with this thing here.

SOME HON. MEMBERS: Hear, hear!

MR. S. NEARY: The fact of the matter is that the Minister of Finance(Dr. Collins) is too vain and too proud to bring his officials in, to bring in the officials of Newfoundland Hydro so we can have a good debate, He is too proud for that, he wants to pretend, to try to pretend that he knows how to run that department when in actual fact all he is doing is stonewalling. Now, Mr. Chairman, the hon. gentleman made a statement there a few minutes ago about Newfoundland Hydro that shook me right out of my shoes. Cousin Vic apparently is out to make a big name for himself and he cannot lose. Cousin Vic cannot lose. Mr. Chairman, what the Minister of Finance is saying is this, that Newfoundland Hydro will be able to go

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MR. S. NEARY: off now soon, as soon as they sock
it to the consumers in this Province, they will be able
to go off and borrow on their own merit
without a government guarantee. That is what the hon.
gentleman said.

DR. COLLINS: I did not (inaudible).

MR. NEARY: Pardon?

DR. COLLINS: I did not say future.

MR. NEARY: The hon. gentleman said in the future, and it will be soon at the rate they are going. Newfoundland Hydro will be able to borrow without a provincial government guarantee. Now, what does that spell out for hon. members, thinking members of this House? It spells trouble. What they are trying to do is to make Newfoundland Hydro a paying proposition, trying to get them to make a profit on the backs of the consumers of electricity in this Province.

AN HON. MEMBER: Right on.

MR. NEARY: That is right, why should they not be subsidized? They are a Crown corporation, they are a creature of this government and a creature of this House. Why should they not be subsidized or break even? Why should they be forced to make a profit so they can go off - so 'Cousin Vic' can go off in the world and borrow on his own recognizance? He will not need to come to the Minister of Finance (Dr. Collins), they will be able to borrow on their own. By that time the empire will have been complete. Mr. Chairman, that is a terrible, terrible statement and a terrible indictment of this administration. We finally found the real reason. They have been telling us all along it is because of the increase in diesel fuel to operate the generating plant in Holyrood, that is what they have been telling us all along. And the Newfoundland Light and Power Company puts this little note on your bill every month, 'Fuel adjustment'. Boy, I thought that was the reason the rates are going up. Now we find out the real reason: 'Cousin Vic' wants to have his own empire; 'Cousin Vic' is going to be independent; 'Cousin Vic' is going to be able

MR. NEARY: to go out in the bond markets and borrow on the credit of Newfoundland Hydro; 'Cousin Vic' will not have to go to 'Cousin Brian', 'Cousin Little Alfie', he will not have to go to 'Cousin Alfie' and say, "Can I borrow, Mr. 'Cousin Alfie', can I go and borrow?" "No, Cousin Vic, you can go and borrow on your own credit", and that is the real reason that they are driving up -

MR. STIRLING: To get it further away from this House.

MR. NEARY: - electricity rates in this Province. And that is right, get it further away from the House. Sure then they will not have to come to the House, they will just tell us about it after they do it. Mr. Chairman, it is just not good enough for the Minister of Finance to get up and say that Newfoundland Hydro is going to borrow \$125 million this year without telling us what it is for. We should have an itemized account of what it is for. Newfoundland Hydro is going to borrow \$125 million. Tell this House what it is for and do not let anybody go out tomorrow in the newspaper and say, 'The minister easily handled the questions.'

AN HON. MEMBER: It is none of your business.

MR. NEARY: It is none of our business.

That is right, I heard that. I heard that from another Tory who is not in the bag yet but getting there, getting there, the puppet on the string.

Mr. Chairman, that is the kind of information we want and we want to know what the interest rate will be on the borrowing this year. It was 13.7 per cent on the last bond issue we floated in Europe. What will be the interest rate this year, and will the government be able to get long-term bonds or is the situation in the bond market so unstable that they will have to borrow for six-

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MR. NEARY: month periods or for periods of a
year? That is the kind of information we want. And,
Mr. Chairman, as far as the government borrowing to build
hospitals and to build schools and to build libraries and
to build roads and so forth, perhaps the minister who is
making these statements can tell us where they are going to
build the roads this year.

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MR. NEARY:

where are they going to build

hospitals, where are they going to build stadiums, they are going to build vocational schools, where are they going to build all the libraries and other things that the minister was talking about. Is there any money, indeed, in this borrowing for goodies, or is the minister just merely paying off last years debts? We know, Mr. Chairman, we know that there are DREE agreements this year on the Trans Canada Highway. We know that, we know the government will have to - all the contracts that are let on the Trans Canada Highway were let last year and some of these contracts will be finished this year, and they will have to be paid for this year. Some of the money will come from DREE, some of it will come from the borrowing. And in case hon. gentleman think that yesterday in this House, when I asked the Premier about the DREE spending in this Province this year, that I did not have the facts, that I did not have the information in front of me, well, I am glad the hon. gentleman is back in the House now where I can read him a memorandum that was stamped in the ministers office on March 18, 1981 that lays out the exact position, lays out the position of all the DREE agreements, DREE proposals, and any negotiations that may or may not be going on in connection with DREE agreements in this Province. And I have to say this, and I will have my chance now when the Leader of the Opposition speaks, I will have a chance to elaborate further on this document I have in my hand, to show how the Premier misled this House, how he is ill-informed. In this document that I have that spells out every item in connection with DREE, discussions, proposals, or negotiations, whatever you want to call them, that are going on between DREE and the provincial government, there is not one item in here dealing with roads, not one. And I am going to have a little more to say about this document now as soon as I can get a chance to get back on my feet again. And I hope the hon. gentleman stays in his seat. No matter how embarrassing it may be to him, Mr. Chairman, I intend to lay out the facts for this House. And

MR. NEARY: this document is authentic, there is a stamp on it and I can tell the hon. members of the House that I did not get it from the minister, that I did not get it from the Minister's Office. I will not divulge my source of information. But I can table the document, Mr. Chairman, when I refer to it a little later on to show that it is an authentic document.

MR. CHAIRMAN (Baird): The hon. member of Carbonear,

MR. MOORES: Alright, sorry. If some member on the government side wants to go, I mean I am a very courteous individual. Mr. Chairman, I heard the Minister of Finance mouth one of the most catastrophic paradoxes that I have heard in this House in the last six years concerning his hope that Newfoundland Hydro will become independent enough, financially, to be able to stir the international money markets so that they can borrow without a government guarantee.

MR. STIRLING: That is very (inaudible)

MR. MOORES: And essentially what the Minister of Finance says, what the Minister of Finance wants Newfoundland Hydro

MR. MOORES: to become is the exact evil, the exact monstrosity that Hydro-Quebec has become. And for those members of the House who are not knowledgeable about Hydro-Quebec - and I suspect that 95 per cent are not, 95 per cent have never read anything about Quebec Hydro; they know nothing about it; they know nothing of its relationship between the Government of Quebec and Hydro-Quebec and they do not want to know anything. All they want to know is whatever the Minister of Finance (Dr. Collins) and the Minister of Mines and Energy (Mr. Barry) parrot to this House about what Hydro-Newfoundland, which is its next step, it will change its name and become Hydro Terre Neuve or something. What they want it to become is one of the most unmanageable consumers of taxpayers' dollars in all of Canada, and in the case of Newfoundland Hydro, it will become exactly that, the largest private corporation - private in a sense that it is independent - the largest government agency to borrow privately on international money markets and it will not be answerable, it will not be accountable to the people of Newfoundland through this House of Assembly. Let us see, ladies and gentlemen, let us see what the Quebec Government says about Hydro-Quebec. This is a news report, a front page news report, the Weekly Review, Saturday, March 21, 1981 from Montreal. And what this story is outlining is the action of the day before by the Quebec Finance Minister, Parrizeau, in bringing in legislation in his budget to curtail the consumption of profits by Quebec-Hydro, profits that Quebec-Hydro was making off the taxpayers' dollars in Quebec and refusing to give back to the taxpayer but holding it in reserve for new and bigger projects of hydro development. And Parrizeau says - he made it very clear that Hydro-Quebec is getting too big too fast to ignore its responsibility to the Province. It is time that Hydro-Quebec started benefiting the entire population rather than its own coffers.

MR. MOORES: Hydro-Quebec is now the fourth largest borrower of capital in the world today. It is costing the taxpayers of Quebec \$9 billion a year and it has gotten so big, so unmanageable, so unaccountable, that the Province of Quebec, the Government of Quebec, has put its foot down and said, 'No more. No more borrowing, no more of this unaccountable borrowing, no more placing the Province of Quebec on the line with international money markets. It is over and done with. From now on, we are going to tell you how the energy policy of Quebec is going to be run and how your borrowings are going to take place.' Now, this is the same monster, the same similar, equivalent type monster that the Minister of Finance (Dr. Collins) in this Province, rubbing his hands and patting his shoulder, wants to create. And not only does he want and hope that it is created in Newfoundland, but God forbid, Mr. Chairman, the Premier's first cousin is at the helm of it.

MR. NEARY: Right on!

MR. MOORES: Now, what government control is there? What chance do the people of Newfoundland have against something like this? You know, it already is the largest private borrower in the Province, private in a sense that it is independent. Already it has that status, borrowing something like \$200 million a year and it is not accountable. And the minister talks about \$125 million,

MR. MOORES: that is just until June or September of this year, until Newfoundland Hydro decides that they want another \$250 million for Cat Arm and will want to go to the Public Utilities Board, the government cronies and lackeys to look for more money from the people of Newfoundland to cover their borrowing on the international money markets. We already have a monster in Newfoundland Hydro. It is here now and the man who is at the helm of it is an ego maniacal financier. He has been trained in business administration, in economics and he wants to -

MR. BARRETT: I think that is certainly to his credit, do you not?

MR. MOORES: No, it is not to his credit when he overlooks the environmental problems that his mastermind is creating. My friend from Windsor-Buchans (Mr. Flight) talked today of the destruction, the irreparable destruction that the Cat Arm project will cause. And why is Cat Arm being developed? Why is Upper Salmon and Hinds Lake? Why? Because this government has sat on its behind for the last eight years on the Lower Churchill and Muskrat Falls.

SOME HON. MEMBERS: Hear, hear!

MR. MOORES: You would think that you people, that the Minister of Mines and Energy (Mr. Barry) has a monopoly on the knowledge of energy development in this Province. You would think that nobody over here knows how to read. You would think that we do not know what is going on in this country, why the federal government is lambasting Alberta on the oil profits. Energy has become the most vital component of our socio-economic livelihood in this country. Energy is the most imperative factor right now in international money markets. The country that has control of its energy, whether that energy is oil or whether it is hydro development, the country that has control of its energy development has control now of

MR. MOORES: the economic markets of the world. Because the free world, the Western world right now is energy starved, it must depend upon countries like Canada which has a surplus in oil development and untold, unharnessed hydro development the likes of which no other country in the world enjoys. And you would think that we are going - and, by the way, Newfoundland and Labrador, Labrador specifically, has, perhaps, the largest percentage of unharnessed energy right now outside of Russia, outside of the Union of Soviet Socialist Republic, and we want to put the Premier's first cousin at the helm of the development of this energy and, in effect, make him the most powerful energy mandarin in the world, almost in the world.

MR. BARRETT: He is a very capable and competent person.

MR. MOORES: Capable and competent my rear end, excuse the expression. Capable and competent, where did the Premier's first cousin get the competence when he was Secretary to the Treasury Board when I sat on the Student Loan Committee in 1973? Where did he get -

MR. BARRETT: He got a lot further than you did.

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MR. MOORES: No, he has not, do not kid yourself.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Butt): Order, please! The hon. member's time is up.

MR. MOORES: As a politician freely elected, I did not have to kiss anyone to get where I got. I cannot say the same for Mr. Young.

Thank you, Mr. Chairman.

Shall Head 105-02-02 carry?

MR. NEARY: If the hon. the minister wants to respond, Mr. Chairman: -

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

DR. COLLINS: Mr. Chairman, hon. members were looking for some information which I did not have, but I am a very decent sort of fellow so I got it for them.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: And I thought I had better give it to them.

The hon. members wanted to know where the \$125 million that Newfoundland Hydro are going to borrow this year - where those funds were going to be expended. And as I explained, it is not in my estimates with regard to Consolidated Fund Services. But it was brought up and they were all het up about it so I, at great effort. -

MR. STIRLING: You were the one who brought it up.

DR. COLLINS: No, I did not. I brought up the public sector debt and how our public sector debt relates last year to this year and the difference thereby being the amount of borrowing that is going on, and I pointed out, the amount of borrowing that is going on is direct borrowing and borrowing by agencies of government

DR. COLLINS: and this is where it came up. I did not bring it up in any regard that I had the details of what the capital funding of Newfoundland Hydro was going to be this year. However, as I say, I am a decent sort of fellow, so at great effort on my own part and on the part of my good friend, the hon. the member for St. John's West (Mr. Barrett), after 5:00 P.M., after working hours, we managed to get the information.

Now, here is where it is, and I am going to give rounded figures because this was gotten together in a bit of a hurry and I am not going to give it right down to the cents. That \$125 million will be expended as follows: There will be approximately - when I say approximately, I mean very close to, these figures are pretty accurate - \$73 million on the Upper Salmon development; \$41 million on the Cat Arm project -

AN HON. MEMBER: How much?

DR. COLLINS: \$41 million; \$4 million on a transmission line from Deer Lake to Rocky Harbour; \$2 million, transmission line, Holyrood to Newfoundland Hardwoods; and \$3.5 million, transmission line from Hawkes Bay to Flowers Cove. Now, I hope that information is of great use to our friends opposite. I hope that they will give me the proper amount of plaudits for getting information for them at great effort and at great strain, but that is the information that was requested and there it is.

MR. NEARY: Mr. Chairman.

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

MR. NEARY: Yes, Mr. Chairman, that is great. We are making slow progress. We are like a ship that is in heavy ice and jammed and now we have just started to make a little bit of progress. Now, what about the interest on this year's borrowing? What does the hon. gentleman anticipate -

AN HON. MEMBER: (Inaudible).

MR. NEARY: Yes, what will the interest rate be this year on the borrowing of the \$410 million?

AN HON. MEMBER: A good question.

MR. NEARY: Mr. Chairman, maybe we could talk about - I will tell you this, that what Cooney did to Ken Norton last night will only be child's play compared to what we are going to do to this crowd after the next election.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: And I do not know if hon. members are aware of it or not, but Mr. Cooney has Newfoundland blood. His father is from Argentia - from the Placentia area.

MR. BARRETT: 'Bill' is a relation to him.

MR. NEARY: Pardon?

MR. BARRETT: He is a relation.

MR. NEARY: A relation to the hon. gentleman?
As a matter of fact, my wife's uncle went to school with his father, with Cooney's father. And, so what Cooney did last night - and I believe this House, by the way, would be - it would be very worthwhile for members of this House to send out a letter of congratulations to young Cooney.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Why not? After beating Ken Norton?

MR. THOMS: It is a brutal sport, it should never be allowed.

MR. NEARY: As long as it is allowed, well, I think we would like to see a Newfoundlander, or the son of a Newfoundlander win the world title, the world boxing title, and I believe that is going to happen. The reason I am bringing it up, Mr. Chairman, apart from the fact that I think we should despatch a letter or a telegram of congratulations to Cooney, the reason I am bringing it up now is because that is what is going to happen to this crowd after the next election. There will be a KO, the Tories will be KO'd in the first round. Now, Mr. Chairman, if we have the minister in the mood now for giving us a little bit of information, I wonder if he could tell us about the interest rate. What will the interest rate be this year on our borrowing? The Government of Canada recently closed a bond issue for 16.25 per cent, 16.25. I would expect that it is going to be worse, as far as this Province is concerned. And does the hon. gentleman anticipate any problems in the market where they are placing their private investments, because I am told that the private investors now will only go in for short-term loans, they have been scalded too often and burnt too often? So, what is the minister's views on these two questions? Would the hon. gentleman care to give us that information? If not I will go back again to the DREE

MR. NEARY: information I have in front of me.
If the hon. gentleman would not care to answer these questions
I will go back to DREE then.

AN HON. MEMBER: Did you reveal the stuff on DREE
then?

MR. NEARY: No, but I am going to.

AN HON. MEMBER: You are going to.

MR. NEARY: Yes. Yes.

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

DR. COLLINS: The hon. member wanted to know the
anticipated interest rate on our borrowings -

MR. NEARY: Right.

DR. COLLINS: - and was there a second thing
you wanted to know?

MR. NEARY: About the problem in the bond
market right now about the investors not wanting to get
involved in long-term lending of money.

DR. COLLINS: Well, I am sure the hon. member
knows as much as anyone in the House in that regard. I mean,
all he has to do is read the papers and all that sort of
thing. There is no doubt about it, interest rates -

MR. MARSHALL: So what he does not know. John can tell him.

DR. COLLINS: - are high this year - yes,
John C.

MR. NEARY: What was that?

DR. COLLINS: - interest rates are high this year.

MR. NEARY: No, I will go to Mr. Beaubella
will tell me or Mr. Walsh - the hon. gentleman has a trust
fund down in his office belonging to Mr. Walsh?

AN HON. MEMBER: He is not very reliable.

DR. COLLINS: Generally speaking, interest
rates are on an upward trend but one cannot predict what
our borrowing rate will be because we borrow, hopefully,
when it is the best time to borrow. At one time the rate

DR. COLLINS: of interest was pretty steady throughout the year but now it fluctuates very wildly so one has to look out for these so-called windows when, for any number of arcane reasons, things improve and for a temporary period of time you can borrow at a reasonable rate. So, we have to watch for these windows.

MR. NEARY: How much? How much?

DR. COLLINS: Well, you know, it could be anywhere from, I suppose, 12 per cent up to 15 plus per cent. If we borrowed now it would be 15 plus per cent conservatively in a long-term or in a medium-term market.

MR. NEARY: The federal government paid 15.25.

DR. COLLINS: Well, we would never borrow - you see, the federal government has to borrow just about every week, it just has no other way out. Its requirements are so high that it cannot let a week go by without borrowing. It does not matter what rates it has to borrow at, it has to get in there, and the poor old citizen is really socked to it when they have to borrow at an inopportune time. Fortunately, in our situation, we can usually pick our times, and we picked our times to borrow this past year, for instance, we borrowed at a very good rate in Europe, we borrowed at an extremely good rate - well, not we but Newfoundland Hydro and NFC borrowed at a very good rate in Alberta, and we borrowed at a very satisfactory rate, taking all things into consideration, in the Canadian market. So, we have people in the department who are watching this all the time, they are very experienced in it. We have fiscal agents that we are in contact with practically on a daily basis. We have them in the United States, we have them in the Canadian market, we have them in the European market. We are now in close communication with people in London because we may -

DR. COLLINS: well, we are looking at the English market. We have not borrowed in England for a long period of time, it was not the thing to do. It is looking more and more useful, that market, and we are getting information on that. So I cannot answer the question as to what our rate will be. It will be the best one we can get, I can guarantee the hon. member that. In terms of length of borrowing, that is quite right. And our record shows we did that very well. The hon. Leader of the Opposition snickers a bit at it, but then I do not mind that, because he does not seem to know much about it. But, if he goes to any of the fiscal agents and asks them what has been our record - the record of this Province in borrowing, the rates that we borrow at, the terms that we borrowed at, he will get the answer that we have done extremely well. We have done a lot better than many other provinces of heftier weight, economic weight, than we are. In terms of the term of the borrowing, again, you know, there is only one long-term market in the world now, apparently, and that is the so-called Bulldog Market in London. All the other markets have shortened up. The European market was always relatively short, around ten years type of thing. Even the Canadian and the American markets now are shorting up, so that is just the reflection of the present economic.

MR. ROBERTS: What is the term for borrowing in the American markets?

DR. COLLINS: Well, we have not borrowed in the American market for a long period of time-

MR. ROBERTS: What is the term in the Alberta market?

DR. COLLINS: Twenty years. If we borrow in the American market next year, which we will likely have to, I suppose we will have to look at something like ten to twelve years. You know, that is being realistic, that is where-

MR. ROBERTS: (Inaudible) long-term (inaudible)

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DR. COLLINS: Long-term in todays markets, yes.

MR. CHAIRMAN(Butt): Shall 105-02-02 carry?

MR. ROBERTS: Mr. Chairman.

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

MR. ROBERTS: Do not be in such a rush now, Your Honour, we have six or seven hours, and we are on to something important. Your Honour may not be familiar with the problems of near bankruptcy, but if Your Honour was Minister of Finance Your Honour would be. The minister has told us about the fact, if I heard him correctly and I think I did, that we could - now, it is awfully hard to ask the minister a question when his colleague from Pleasantville (Mr. Dinn) is bending - if his colleague from Pleasantville would contain himself for but ten minutes.

AN HON. MEMBER: The hon. minister is listening.

MR. ROBERTS: Well, I know the Minister of Finance is listening but I want to make sure he is understanding as well as listening.

Now, Mr. Chairman, the minister has told us, if I heard him correctly, that we pick and choose when we go into the market and that is a wise strategy. And he gave as his reason for the cause that allowed us to do this, the fact that our cash flows are a little more easy to handle than the Government of Canada's. If I heard him correctly and if what I heard him say is what I am about to say then I did hear him correctly because it is a correct statement, the Government of Canada's needs for cash are such that they are in the market continuously. I do not think there is any day of the week or week of the year that the Government of Canada is not in money market operations either directly or through

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MR. ROBERTS:

the Bank of Canada.

MR. BARRETT:

(Inaudible).

MR. ROBERTS:

I am sorry. The gentleman from St. John's West?

MR. BARRETT:

The federal policy now is (inaudible).

MR. ROBERTS:

Well, the gentleman from St. John's West may believe that and that just goes to show, you know, there are people who believe the world is flat. There are people - I know one or two of them, otherwise sensible people, much like my friend from St. John's West (Mr. Barrett) - who believe that the American astronauts have not landed on the moon, that it was all done with mirrors. But if the hon. gentleman for St. John's West believes that the Government of Canada's fiscal policy, or we are now talking in fact about their monetary policy, my friend from St. John's West ought to realize that (a) there is a difference and (b) the difference is relevant here. Because what we are talking about is money market operations not taxation operations. We are talking about monetary policy. But on either fiscal or monetary policy, if he really believes that the government of this Province is ahead of the Government of Canada in their thoughts, then he too believes that man did not land on the moon, because the government of this Province operates with mirrors.

MR. H. BARRETT:

An obvious assertion (inaudible).

MR. ROBERTS:

The hon. gentleman can make an obvious assertion and I cannot fault him for he

MR. ROBERTS:

has the right to do it. That just shows how much we value the right to free speech, that we would put up with that kind of nonsense from my friend from St. John's West (Mr. Barrett). Now, as I was saying, I do not mind him coming to the rescue of his friend, the Minister of Finance (Dr. Collins), his political bedfellow, his intellectual soul mate, his bosom (political) pal, the Minister of Finance. I am sorry now -

MR. CARTER:

The member is forgetting one thing, the government in Ottawa is run by dirty Liberals.

MR. ROBERTS:

The government in Ottawa is run by a group of men and women who have been elected and who will be re-elected and in that sense they are different from the government in St. John's.

Now, Mr. Chairman, let me come back. The question I am trying to ask the Minister of Finance is this, obviously our cash needs are such that we do not need to go to the market too often. As he said, we can pick our window. Some of the windows he picks, as he will agree, are extremely murky, opaque, as opposed to translucent. But I wonder if he would tell us what we are paying on the day to day operations. As I understand it, we finance our day to day operations because our outflows are relatively steady. The payroll must be met every - is it every fortnight we pay the public service? - the debt must be serviced, the government's bills must be paid. You know, the money must go out on a fairly regular basis and it does, in fact, go out on a fairly regular basis. If I understand correctly we get our short-term money from two sources; we sell Treasury bills, which is a means of very short-term borrowing, in effect, ninety day borrowing but it is week by week borrowing because we sell Treasury bills each week. What are we now paying for these? The last I heard it was something over 16.5 per cent. But perhaps the minister has some recent figures. From time to time these are announced.

MR. ROBERTS: From time to time they are in the papers. Secondly, I understand we still maintain - do we? - a line of credit with the Bank of Montreal who are the Province's lead bankers. And if the payroll is being written and there is not enough money in the bank to cover it, then the bank advances us a loan on our short-term credit. And that is a sensible way for the government to operate. It is the way the government have been operating since, at least, I guess 1894 when the Bank of Montreal came into Newfoundland and became the government's bankers. What are we paying on our short-term rate? I assume we are paying prime or at best part of a point over prime, hopefully even better than that given that - what is prime now, 19.5 per cent or something? Absolutely horrendous, I mean astonishing, but it is 19.5 points and nobody would warrant that it is not going to go higher yet.

So can the minister tell us, first of all, am I correct in my assumption that we are continuing to finance our day to day operations, insofar as we do not have cash in hand, are we financing it by a combination of short-term borrowings, as in the Treasury bills and (inaudible) bills and an open line of credit with the Bank of Montreal? Secondly, what rates are we paying - I know both will fluctuate - but what is the most recent Treasury bill rate and what is the rate with the bank that would be pegged to the prime, either above or below, but it would be pegged to the prime rate. And thirdly, do we have cash balances from time to time in the government? Given that we get large payments from time to time from Ottawa and from other people, do we have cash balances? And if so, do we invest them and, if so, what rate are we getting for our short-term investments, money which is to our credit that we can lend out? I wonder if the minister could tell us this? And that probably will bring us to six and today is Tuesday so we should rise the Committee, you know, shortly before six or else we are going to be here this evening.

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

DR. COLLINS: Mr. Chairman, I can get very up-to-date figures on this and possibly if the estimates do not go through and we are sitting another day on these estimates, I can bring those in. But I can give round figures if the hon. member wishes as this point in time. On our Treasury bills, we do continue our Treasury bills. We have

DR. COLLINS: \$65 million continually outstanding
and we have -

MR. ROBERTS: That is ninety day money, is it not?

DR. COLLINS: Yes, ninety day money, and we issue
\$5 million a week, so we keep rolling those.

MR. ROBERTS: Keep those rolling.

DR. COLLINS: So we always have \$65 million outstanding.
And as the hon. member says, it does fluctuate quite widely.

It has been down this year as low as something around thirteen,
perhaps thirteen and a quarter. At the present time it is something
of the order of eighteen plus. But I can get that for him later.

MR. ROBERTS: That is part of our short-term
borrowing.

DR. COLLINS: Part of our short-term. The most
recent selling of our treasury bills was at that rate.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: Now, in terms of our lines of credit
with the bank we do not often use those, but as the hon.
member stated, we sometimes do because we over-invest a little
bit, we anticipate our balance will be so and so. We do not
like to keep money in our bank accounts, we invest it as soon
as we know it is there. Sometimes we will overestimate it
a little bit, we will, say, overestimate and invest \$1 million
for two or three days and we just have to catch up, and
during that time we will be in a small overdraft situation
for that account, for that particular bank account.

MR. ROBERTS: There is only one account.
There is only one account for the government.

DR. COLLINS: Yes, well we have one overall
account. We have multiple -

MR. ROBERTS: We may have a number of divisions
but there is only one account for the government.

DR. COLLINS: Yes, the most recent one there was -
treasury bill - about 18.45.

MR. ROBERTS: Eighteen and a half.

DR. COLLINS: Yes, as I say, a little bit over eighteen,
18.45, as it turns out.

MR. ROBERTS: A little over.

DR. COLLINS: Our bank interest rate will be at prime
which, as the hon. member stated, was 19.5 at the present time.

Our current investments - we do
have excesses in our bank accounts every once in a while,
obviously, and we do invest those and our earning rate at
the present time is in excess of 17 per cent.

So with those remarks, Mr. Chairman,

MR. ROBERTS: Rise the Committee.

DR. COLLINS: I move the estimates of Committee -

MR. ROBERTS: No, no! Rise the Committee.

MR. MARSHALL: I move that the Committee rise, Mr. Chairman.
On motion, that the Committee rise, report
progress and ask leave to sit again, Mr. Speaker returned to the
Chair.

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

MR. CHAIRMAN: Mr. Speaker, the Committee of
Supply has considered the matters to it referred, reports some
progress on Head I, Consolidated Fund Services, and asks leave to
sit again.

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

The hon. President of the Council.

MR. MARSHALL: Mr. Speaker, I move that the
House at its rising do adjourn until tomorrow, Wednesday, at
3:00 p.m. and that this House do now adjourn.

On motion, the House at its
rising adjourned until tomorrow, Wednesday, May 13, 1981 at
3:00 p.m.