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HOUSE OF ASSEMBLY

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3:00 P.M. - 6:00 P.M.

THURSDAY, NOVEMBER 18, 1982

The House met at 3:00 P.M

Mr. Speaker in the Chair.

MR. SPEAKER (Russell): Order, please!

Before we proceed with the business of the day, I would like to welcome some distinguished visitors to our gallery, in particular the hon. Jean Gauvin, Minister of Fisheries in the Province of New Brunswick, and the Hon. Ken Streach, the Minister of Fisheries from Nova Scotia, Edd Towig, MLA. Chairman of the Fisheries Advisory Committee of Nova Scotia and other members of the delegation. I welcome you to the galleries today.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: I also wish to welcome to the galleries Mayor Bill Pardy of Pasadena, and City Councillor Mrs. Pricilla Bouthcer of Corner Brook -

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: - and a committee representing the Lancers Group of Bell Island, in the District of Harbour Main-Bell Island.

SOME HON. MEMBERS: Hear, hear!

STATEMENTS BY MINISTERS:

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

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Mr. Speaker, before the Minister of Finance rises, I should like to make the following proposal to the Opposition - that after the economic statement is delivered the normal rules of the House be suspended for the remainder of the afternoon and that a debate on the statement begin. In other words, no Question Period; right after the Minister of Finance (Dr. Collins) makes his statement that a debate, for the rest of the afternoon on the statement, begin. The rules for speaking will be the same as for Private Members' day, that each member would have twenty minutes. But to recognize the role of the Premier and the Leader of the Opposition (Mr. Neary), thirty minutes would be provided for each of them. The House would adjourn at six o'clock in the normal manner.

I make this offer, Mr. Speaker, recognizing that the Opposition should have time now to debate the statement.

In addition, Government will have to introduce bills as a result of the statement and, therefore, there will be opportunity to further debate the matter next week when these bills will be introduced. I have copies of the proposal. If the Leader of the Opposition would like time to consider it, then I am willing to provide that time.

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

MR. NEARY: Mr. Speaker, we on this side of the House are glad that the Premier finally saw the light and backed down. We made this proposal yesterday and we had intended, under the rules of this House, to bring in a motion under

MR. NEARY: Standing Order 23 to have an emergency debate on the economy this afternoon. So we are glad, Mr. Speaker, that with all the adverse publicity that the government got overnight and this morning about trying to gag the Opposition, the Premier and the administration have now seen the light and are prepared to allow an emergency debate this afternoon and we welcome that opportunity, Mr. Speaker.

MR. SPEAKER (Russell): I understand it is agreed then that the Premier's proposal has been accepted.

STATEMENTS BY MINISTERS

MR. SPEAKER: The hon. Minister of Finance.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: Mr. Speaker, over the past year or more the ongoing impact of the worldwide recession has been felt by all sectors of society—individuals, corporations, unions, various other types of organizations including all levels of government. We have all been forced in various ways to respond to the economic realities of the times by adjusting our individual priorities, accepting less than our ultimate objectives and generally tightening our belts. Government has already elaborated publicly on the root cause of this problem and its consequences for the Province. An Appendix outlining in detail the impact of the recession on Newfoundland's economy, which hon. members may wish to review later, will be attached to circulated copies of this statement. The purpose of my statement to the House today is to outline the action government is prepared to take to restore stability to our fiscal position. Even though prospects for the ultimate termination of the recession and a recommencement of economic growth will be realized in time, government at this

DR. COLLINS: stage must address the toll which the recession has taken on the budgetary position of the Province over the past several months. Mr. Speaker, beginning last year government instituted an extensive monitoring procedure to keep fully abreast of developing trends and, as hon. members know, on June 28 and through August public statements were made, to indicate that economic factors that were beginning to affect our revenues. A wage guideline policy was initiated to help contain expenditure growth at all levels in the public service. More recently, the result of a mid-year review of our fiscal position, that is, six months after the budget was delivered, indicated that the Province would experience unfavourable variances on current account totalling \$66 million, which would produce a net current account deficit of just over \$60 million for the whole year unless further corrective budgetary measures are taken now. With capital expenditures running approximately \$8 million below budget, the resulting combined current and capital account positions indicated a potential increase in our borrowing requirements of over \$57 million for the fiscal year.

DR. COLLINS: The essence of the problem is that, whilst net current account expenditures were projected to exceed the budgeted amount by only two-thirds of 1 per cent, the projected revenue growth rate would be 4 per cent less than the budget forecast, unless government acts. A projected \$55 million revenue decline results mainly from negative variances in the following revenue sources: \$20 million less corporate income tax, \$19 million less established programme financing transfers from the federal government, and \$16 million less retail sales tax, which we collect ourselves. It should be noted that the \$19 million EPF short-fall relates to recovery by the federal government of a greater than \$25 million overpayment. This overpayment arose because EPF funds had been forwarded to the Newfoundland Government from 1979 to 1981 on the basis of overstated population estimates. The 1981 national census indicated that there were some 18,000 fewer Newfoundlanders than previously thought. Six other provinces were similarly overpaid by the federal government.

Now, the Province had reason to expect that the federal government would agree to phase-in recovery of the overpayment over a number of years and accordingly budgeted \$6 million of the amount for 1982 - 1983 at budget time. Last June, much to our chagrin, the Government of Canada informed us that it would be recovering the full \$25-plus million during this fiscal year.

It is significant to note, therefore, that fully \$25,400,000 of our projected current account deficit relates to EPF overpayments for the last three years, when the Province experienced current account surpluses totalling \$95 million. Since this recovery is

DR. COLLINS: really a one-shot event, it cannot be regarded in the same light as the remaining \$35,200,000 of the deficit. It is this \$35,200,000 which is essentially the core of the potential deficit and must be addressed over the remaining months of this fiscal year.

Mr. Speaker, as part of our budgetary review process, government also made preliminary projections for 1983 - 1984, that is, the next fiscal year. It quickly became clear that failure to respond to current trends would also result in a deteriorating financial position next year. As the Province of Newfoundland has established in the eyes of the financial community over the past number of years an enviable reputation for responsible and realistic fiscal controls, government is determined to continue to adhere to the principles of sound financial management.

DR. J. COLLINS: With this in mind, during the past month government has reassessed all its expenditure programmes and revenue sources and I am announcing today a programme designed to reduce the projected deficit by \$35.5 million over the next four months. Government's efforts in this process have been focused, in the first instance, on the expenditure budget. An extensive expenditure restraint programme has been launched affecting all government departments, Crown agencies and the university in order to ensure that the burden of the restraint is balanced as far as possible throughout the entire system.

The restraint programme affecting all aspects of government activity will accomplish savings of some \$19 million in the remaining four months of the year. Our success in doing so of course will be measured by the resourcefulness and adaptability of our government employees in the face of extensive expenditure reductions.

In reviewing government's current account expenditure programmes, we have endeavoured to place as much emphasis as possible on those areas with the least direct impact on the general public. We have been particularly aggressive in attacking the various costs associated with delivering our programmes as opposed to the actual programmes themselves. Government has already announced freezes or reductions in numerous areas of activity including staffing levels, overhead costs such as travelling and consultants, advertising expenses and other items of a discretionary nature. We have proceeded on the basis that severe restrictions must be placed on our own day-to-day expenditures before programme and taxation changes would be considered.

In terms of our salary budget, we have been successful in achieving savings totalling \$4,350,000 through a hiring freeze and selective layoffs. Fortunately,



DR. J. COLLINS: vital public services will be little affected. For example, we will be laying off some twenty-seven parks officers for the balance of the fiscal year. Normally these staff members would be available for Winter recreation programmes in provincial parks and similar activities. Major reductions in public service overtime allocations provide further savings of \$400,000. Allocations for ministers and public service transportation and communication expenses, mainly travel, have been slashed by \$1,380,000. Restrictions on the acquisition of supplies, furniture and equipment and other services and commodities have also been demanded and will result in a total savings this fiscal year of over \$3 million. The hiring of consultants and other forms of professional services have been severely reduced to the minimal level possible, with a result that some \$1,600,000 in such expenses will be saved.

We have decided to phase out the operation of the government aircraft.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: That will be done immediately and steps will be taken to dispose of the aircraft as soon as possible.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: Medical emergencies will be accommodated through other available helicopter and fixed wing services and commercial airlines as is practical. Savings this year will amount to \$100,000.

MR. NEARY: What about Mount Scio house? You would save \$200,000 there.

DR. COLLINS: Various grants and subsidies made to Crown corporations and other agencies have been scrutinized and restrictions imposed on the clear understanding that all groups must be expected to bear some portion of the reductions being imposed throughout the public service.

Government has approached Memorial University of Newfoundland requesting that the University participate in a similar restraint programme to that instituted by government. We are very pleased with the response received from the University President, who has agreed to a reduction of \$3,200, 000 in the initially approved operating grants.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: This has been achieved at the University as a result of the strict application of restraint in all areas of University costs including salary increases, maintenance costs, and other overhead items such as travel, staffing levels etc. The School of Medicine has also been asked to accept a reduction in its grant of \$250,000.

The level of grants provided school boards to assist in the operation of the Province's school system had been reduced by \$1 per pupil, from \$203 per pupil to \$202 per pupil for savings of \$150,000 in this fiscal year.

DR. COLLINS: Total savings on all grants and subsidies will accordingly amount to \$6,740,000.

An Appendix will be attached to the circulated statement laying there out in table form.

DR. COLLINS: Mr. Speaker, government will continue the restrictions recently imposed on social assistance payments, while at the same time ensuring that all legitimate cases of need are addressed. The savings from this measure are estimated at \$750,000 for the balance of the year; that is 50 per cent cost-sharable with the federal government. In addition, the list of benefits available to indigent persons under our prescription drug programme will be brought in line, with certain exceptions, with the Senior Citizens Drug programme. These changes will be implemented on January 1, 1983 and will result in the removal of certain over-the-counter items from eligibility. Savings of \$75,000 will be realized in this fiscal year.

In addition, payments to church and interfaith senior citizens homes will be reduced by 5 per cent for the last three months of the fiscal year for a saving of \$280,000.

DR. COLLINS: Operation of the St. John's School for Boys on Waterford Bridge Road in St. John's will be intergrated with other facilities and phased out as quickly as possible resulting in a saving this fiscal year of \$100,000. Full consultation with the union will take place and every effort will be made to accommodate staff members in other government operations.

The Province will also be notifying the federal government that we will be discontinuing our contribution towards the operating costs of the federal fire station at Pleasantville, saving \$60,000 this fiscal year.

The area of maintenance of public buildings will be affected by some \$250,000 in reductions for the balance of the year. An amount of \$300,000 will be saved by limiting overall postage costs through cancellation of discretionary mailings, including those by members of this hon. House of Assembly and by ministers. An additional \$205,000 in revenues will be attained through increased registration and filing fees for companies.

The Department of Transportation has been asked to effect economies in the utilization of the Province's snow clearing budget. Certain refinements in shift scheduling and other measures will result in the saving of \$200,000.

The programme of providing gear supplements to certain categories of fishermen involved in the Labrador fishery will also be discontinued after outstanding claims are paid. The saving is estimated at \$20,000 in this fiscal year.

Mr. Speaker, the cost to government of our various programmes of financial assistance to municipalities have also been reviewed. The total cost of the various forms of financially assisting municipalities is now in excess of \$50 million in the current fiscal year.

DR. COLLINS: After reviewing the various elements of assistance now provided we have been obliged to reduce the level of tax incentive grants from fifty cents per dollar collected on the first \$2 million in collections down to forty-five cents. In like manner, the amount paid by the Province on collections over \$2 million will be reduced from twenty-five cents down to twenty cents.

These changes will be effective January 1, 1983, which is the beginning of the municipalities' financial year and accordingly they will be able to accommodate it in their new budgets. The savings to the Province this fiscal year will be \$620,000. The amount available for special financial assistance to municipalities has also been reduced by \$100,000 for the balance of the year.

Mr. Speaker, the area of hospital operating costs is a high priority to government both because of the basic and vital services provided and because of the large amount of funding required to run the Province's hospital system.

DR. COLLINS: For that very reason, government budgeted last May an increase in operating grants to hospitals this year of over 15 per cent. However, it subsequently became apparent that mainly because of an unexpectedly large expansion in hirings in the hospitals, an additional \$7 million would be required by the hospitals this fiscal year which will give them a total increase over last year's budget of 18.5 per cent. In light of the Province's declining revenue base, it was necessary to minimize this potential budgetary overrun and the Department of Health has been consulting with individual hospitals over the past few weeks in assisting the determining of measures necessary to ensure that hospitals live within their budgets for the balance of the year. There have been no expenditure cutbacks by government below budgeted amounts. In fact, in recognition of the plight of some hospitals we earlier agreed to provide an additional \$2 million beyond the amount initially approved in the budget in order to avoid overly disruptive adjustments in the operations of those hospitals. Over the next few weeks the Department of Health will be continuing discussions with the hospitals to ensure that they live within approved amounts and generate savings for their own operations wherever possible. Government feels that this can be accomplished without major impacts on essential health care delivery.

Mr. Speaker, many of the restraint measures I have just outlined will result in some reduction in some government services. It is clear that the need to tailor our expenditures

DR. COLLINS: to our financial means gives rise to that result. However, it is equally clear that government has opted not to take an insensitive approach in such matters as massive layoffs in these difficult economic times. Government will consult with the respective unions to minimize the impact of the selective staff reductions that will be necessary.

Over the next three months, government will continue detailed review of all programmes with a view to rationalizing services where possible in the context of financial constraints which confront us. Any further programme reductions that are beyond the measure now announced will be implemented in the 1983-84 budget as required.

All facets of government must co-operate in this process of restraint in the months ahead and at this stage I would like to commend the many officials in government services at all levels who have been involved to date for their understanding and readiness to participate in this restraint process.

Mr. Speaker, while the expenditure restraint programme government has already initiated is far-reaching, it is not enough by itself to eliminate the deficit or even reduce it to what government feels is an acceptable level at this time. Further restraint measures which would necessarily involve wide-spread layoffs would,

DR. COLLINS: in government's view, impose a degree of hardship on certain specific segments of the population which government wishes to avoid if at all possible. Such additional reductions would have undesirable influences on very basic health and education services and, in our view, were not acceptable at this time. We considered and rejected further reductions in the area of school busing, Medicare, hospital bed closures and the children's dental programme. Accordingly, government has had to consider revenue measures which, while they are also undesirable, have a more diluted impact since they will affect large segments of our people but to a lesser degree.

Government has decided, therefore, to increase the rate of retail sales tax and to remove certain exemptions which currently exist under the retail sales tax regulations. The new rate of tax will be 12 per cent and, effective immediately, the tax exemption on purchases of adult clothing and footwear -

SOME HON. MEMBERS: Oh, oh!

DR. COLLINS: Mr. Speaker, there is noise from the other side of the room. There is a cacophony from the other side of the room.

MR. SPEAKER (Russell): Order, please!

DR. COLLINS: The new rate of tax will be 12 per cent, and effective immediately, the tax exemption for purchases of adult clothing and footwear, commercial heating fuels and meals under \$3 will be removed. However, meals provided in educational institutions, including the university, colleges and technical and vocational schools will henceforth be fully exempt from retail sales tax.

SOME HON. MEMBERS: Hear, hear!



DR. COLLINS: In the case of commercial heating fuels, there is presently an anomaly, since those businesses that use electric heat are already required to pay tax on their heating bill. I would point out that the commercial heating fuel tax changes do not apply to manufacturing and processing operations such as fish plants. The insurance premium tax will be adjusted to 12 per cent.

As a positive determination and demonstration of government's ongoing commitment to stimulation of the construction industry, I am particularly pleased to announce today that the retail sales tax on building supplies will be reduced to 8 per cent.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: This measure will prove to be very beneficial to the construction sector, which has been particularly hard hit by the recent economic conditions. Individuals contemplating home construction or repair will also be greatly assisted by this very positive step.

Government has requested the Newfoundland Liquor Corporation to increase its prices to generate additional revenues and this measure, coupled with the associated retail sales tax change, will result in average increases of forty-five cents on a twenty-five ounce bottle of spirits. Also, the price of beer in Newfoundland Liquor Corporation stores will be brought up to the level already charged by brewers' agents, thus equalizing the price of beer throughout the Province.

DR. J. COLLINS: Tobacco Tax will be increased by 15¢ on a pack of 20 cigarettes effective immediately and a proportionate increase on cigars and tobacco. All these measures I have announced are projected to yield a total of \$16,300,000 by the end of the fiscal year.

Mr. Speaker, in proceeding with the measures I have outlined, government has effectively eliminated the core of the potential deficit. We can still anticipate a current account shortfall of slightly over \$25 million in this fiscal year because of the one-shot EPF adjustments.

In arriving at the current position, a balance had to be struck between the impact of further serious restraint measures and tax increases at this time. Government has concluded that the measures which I have outlined are sufficient at this point, mid-way through the fiscal year, particularly in view of the economic conditions and the economic climate and the "one-shot" nature of the EPF adjustment.

Mr. Speaker, the fact that the Province finds it necessary to adjust its budgetary plans at this time to offset some of the impacts of the economic recession sweeping the Western World does not in any way detract from the fundamental wealth of this Province or its potential for future prosperity. We are not alone in experiencing a fallout of budgetary problems. On the contrary, heads of business and governments in all parts of Canada as well as in many other countries are, in these straited times, tightening up on their expenditure programmes and taking whatever reasonable revenue measures that are available in order to preserve financial stability. It would be imprudent to do otherwise. Failure to act as early as we are doing today would jeopardize government's financial flexibility and capacity to continue to provide public services and promote economic developments

DR. J. COLLINS: later on as the recessionary cycle ends. The present financial situation in which government finds itself has been brought on by events largely outside our control, but nevertheless it is being dealt with realistically and firmly. We have had to take some measures which, in the short-term, are undesirable, but aimed at the immediate strengthening of the Province's financial position which will prove beneficial for the continuing development of our economy in the medium term.

This government is as confident as ever in the future of this Province, given our just rights within the Canadian Confederation and prudent administration on our part. The next two years will be as critical as any in our history in terms of realizing the true wealth of our vast natural resources. The fishing industry will become more productive and more prosperous once the current restructuring of that industry has been put in place. We must realize a fair and equitable utilization of the Upper Churchill hydro resources. Government is determined to get its fair share in the exploration and development of the valuable offshore petroleum resources of the Province. These and other factors will contribute to make Newfoundland and Labrador the most attractive -

SOME HON. MEMBERS:

Oh, oh!

DR. COLLINS:

Mr. Speaker, there is an awful racket from that side of the room again.

MR. SPEAKER (RUSSELL):

Order, please!

DR. COLLINS: These and other factors will contribute to making Newfoundland and Labrador the most attractive region in Canada -

MR. HISCOCK: Propaganda!

DR. COLLINS: - for investment in the short to medium term.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: Mr. Speaker, the Newfoundland economy remains poised for strong growth in the future, and let me state quite clearly that the Peckford Administration remains firm in its resolve to manage the orderly development of our resources in a manner which will preserve for future generations the quality of life in this Province so envied by others and so highly valued by all Newfoundlanders.

SOME HON. MEMBERS: Hear, hear!

DR. COLLINS: That is the end of the statement.

I might add that we took the opportunity of giving the Leader of the Opposition (Mr. Neary) and the financial critic on the other side a copy of the statement I just read in order that they may be able to respond to it.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Russell): The hon. member for Port au Port.

MR. WARREN: Let us go, 'Jim'.

SOME HON. MEMBERS: Hear, hear!

MR. WARREN: Now we will hear it.

MR. HODDER: I notice that the members on the other side did not pound their desks with too much enthusiasm today.

MR. HISCOCK: More on this side than on that side.

MR. HODDER: Mr. Speaker, I would first like to point out that, even though the rules have been suspended for this afternoon, that this is in no way a Ministerial Statement to which I am responding now. This is a Budget in every sense of the word.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: And I believe, Mr. Speaker, that this debate should be carried on in the normal way under the normal rules of the House with a proper Budget debate.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: Mr. Speaker, the Premier and the Finance Minister (Dr. Collins) have served a strong dose of medicine today to help the government out of the financial mess and the economic chaos that the Premier has inflicted upon the Province. It would be right, I believe, to label the Premier as 'The Grinch Who Stole Christmas,' because this is a fine Christmas present for the people of Newfoundland and Labrador. In view of the drastic measures that the Minister of Finance has now declared, I must ask, is this deficit the only tangible thing that the Premier has to show for putting the interest of himself and his party above the interests of the people of the Province of Newfoundland and Labrador?

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: Especially, Mr. Speaker, in light of the government's negotiations with Ottawa over the offshore or in other talks of mutual interest affecting both Newfoundland and Canada, and more particular, Ottawa.

MR. BAIRD: Just give it away! Give it away!

MR. HODDER: Mr. Speaker, the time has arrived when the Premier and the Minister of Energy (Mr. Marshall) and the Minister of Finance (Dr. Collins) can no longer blame their problems on the past, or for that matter on the federal government in Ottawa, or on both, depending on the emotional turn of members opposite at any one time.

This government has been in power in this Province for ten years and it is about time that they accept the fact that we must face up to the responsibility for the problems they have wreaked on the Newfoundland economy. We have had too many situations in this Province where the Premier has played up to the patriotism of Newfoundlanders, and it is about time that the Premier gave us what he promised when he took power, and that is an open and honest government.

MR. WARREN: It is far from it now, I can tell you that.

MR. HODDER: The Premier and the Minister of Finance have known since last Spring that this Province was headed for a deficit on current account, yet they proceeded with the ridiculous budget last May 27th that promised great expectations in the hearts and minds of the people of this Province.

Mr. Speaker, when I last responded to the Minister of Finance in this House in April, I said at the time that we would have a mini-budget in the Fall because I thought that the budget was unrealistic. Never did I suspect, Mr. Speaker, that when I stood next to respond to the Minister of Finance that I would be responding to a Ministerial Statement in the form of a budget which would show that the economic situation of this Province to be what it is today. Whichever way we look at it on this side of the House, there has been mismanagement. You cannot find that you have a deficit in current account of this magnitude without someone

MR. HODDER: knowing about it. The people of the Province were shocked to hear the admission of the Premier and the Minister of Finance (Dr. Collins) that their administration knew of the ever-growing deficit in current account as far back as June. That admission was made here in the House of Assembly two days ago.

This fact was found out in the House and we on this side of the House often wonder if we had pushed harder would the government admit that they knew about this in April. Because if we look back to last April, Mr. Speaker, we will remember that the government was so proud of the fact that they had a balanced budget, but where are we now?

Mr. Speaker, the minister in his prospectus prepared for the bond market in the United States, stated in June that we were going to have a deficit, yet he said practically nothing. On September 10th in a statement in one of the local papers he said that we were in fair shape; he told no one in the Province about the mess. If the Premier had taken these measures in June, we would not have now, on the Eve of Christmas, this bitter pill to swallow.

Mr. Speaker, I refer to another statement by the Minister of Finance on September 23rd, when he said in a press statement, 'In other words, in the midst of a severe economic recession which has caused

MR. J. HODDER: the credit ratings of several Canadian provinces and U.S. states to suffer on the New York bond market, the financial management of the government of this Province have been given a definite vote of confidence by the acknowledged experts in the field." Now, that was said, Mr. Speaker, on September 23, but it was in June when a prospectus was issued to the New York bondholders which told them that we were facing a deficit position.

Mr. Speaker, not only do we object to the fact that these measures have been aired in a statement which is not the normal fashion, but I also say here it is the course of a government with something to hide, that is afraid of normal debate over a normal period of time, as would happen with a mini-budget. Mr. Speaker, we should have every opportunity to debate this over the coming weeks. It is not enough to have an afternoon, after seeing the speech for only a few minutes, to try to judge the implications as to what is happening in this Province. And it is not enough to have only Question Period for the rest of the week to try and extract information from the government, which is very often like trying to pull teeth anyway.

Mr. Speaker, we object to the fact that the cutbacks and the money-saving measures are not spread throughout society in an equitable fashion. The government has singled out, for the most part, those in the Province over whom they have direct control to pay for their waste and mismanagement. On October 1st the Minister of Social Services (Mr. T. Hickey), who has not been in the House for the past three or four days, issued vicious cuts on the poor of the Province and it has been confirmed to us today - even though there were denials in this House of Assembly that these measures would be enacted - it was confirmed today that the minister's programme is underway.



MR. J. HODDER: Mr. Speaker, they have singled out the sick, the disadvantaged and government employees, by and large, to pay for the mismanagement. Mr. Speaker, why is it that Social Services was cutback on October 1st and this is now November 18th, forty-eight days ago? Could we have not at least taken some measures then? Why did we have to wait from October 1 until now? Because the government must have known on October 1st when the minister had a telephone press conference with all the social workers and heads of social offices and district administrators of the Province and told them that we were in a bad budgetary position and that these measures would come into being. Why did we not then take steps? They would not have to have been so harsh.

I wonder, Mr. Speaker, if the timing of this, like very much else that happens in this House of Assembly, is the Premier's working by a secret calendar. Is there a time frame which we on this side know nothing about? Does

MR. HODDER: the Premier have some patriotic statement in mind designed at another time to help Newfoundlanders forget the economic sickness which now surrounds us?

MR. WARREN: He will never do it again. He has fooled them too many times now.

MR. HODDER: The Premier cannot blame the situation anymore on a cutback in federal funds because he himself has admitted that the total federal funds coming into the Province this year are overall up, not down. We have a government that cannot see into the future six months, much less guide our destinies over a ten year period.

We on this side feel that this situation should not have been allowed to go on for another reason. The past weeks have been damaging to the self-confidence of Newfoundlanders who have been waiting for the axe to fall and not knowing what would happen. Mr. Speaker, it is a well-known fact that confidence is more important to the economy than any other factor and I believe that the dallying and the waiting around which this government has been guilty of has shaken investors' confidence in this Province and I predict that not only the measures taken today, but the time frame surrounding those measures and the lack of a will for action by the Premier will cause revenues to be even further down after this exercise which we have just seen.

Mr. Speaker, we could have started this process when we knew that we only had a \$10 million deficit rather than when we found out that we had a \$60.8 million deficit. At no time did the government inform - and the government members can say all they wish - at no time did they inform Newfoundlanders

MR. HODDER: that we are in the situation that we are presently in, even when they knew it, not on October 1st, not in June when the prospectus was issued and not prior to that.

Mr. Speaker, the only action that this government has taken is action to follow the wage guidelines which were agreed upon by the Premiers and the Prime Minister.

Mr. Speaker, the people of this Province gave the Premier a strong mandate to negotiate with Ottawa and these are the results eight months afterwards. It seems, perhaps, Mr. Speaker, that the Premier used up all of his powers in the last election to con the electorate to vote for his 'Fighting Newfoundlander' image.

MR. HODDER: Now the Premier is venting his frustrations and anger on the poor, the helpless, the civil servants, and those who can least afford to pay in this Province.

MR. WARREN: What about Mount Scio House?

MR. HODDER: The policies of this government over the past ten years, and in particular over the past three or four years, the policies of the Premier have not accomplished one single thing for this Province, not one new industry, not one new concrete reform. All that is happening is that we have a larger out-migration from the Province than ever before searching for employment elsewhere.

Mr. Speaker, in looking at the cutbacks in detail, I note most particularly that the senior citizens of this Province seem to have been hurt worse than anyone else in the Province.

MR. WARREN: Sock it to him, 'Jim'.  
That is right. That is what they have always did.

MR. HODDER: I note that there has been reduced expenditures on senior citizens homes. I note that the Senior Citizens' Drug programme has been cut. And I note, perhaps most important, Mr. Speaker -

PREMIER PECKFORD: No, it has not.

MR. WARREN: Yes, it has.

MR. HODDER: Yes, it has.

But most important, Mr. Speaker, I note that the government, perhaps one of the dastardly things that the government has done, they have cut out the tax-exempt three dollar meal. Now, Mr. Speaker, we have not heard much about the three dollar meal in this House of Assembly but it has been there. And I will tell you, Mr. Speaker, while there are members

MR. HODDER: possibly in the House of Assembly and in the galleries who did not know that there was a tax-exempt three dollar meal in this Province, I will tell you who did know there was a tax-exempt three dollar meal in this Province and they were the poor of this Province.

MR. WARREN: That is right.

MR. HODDER: As a matter of fact, Mr. Speaker, I had a question on my desk to ask about that particular programme, because I have had many complaints from senior citizens and from the poorer people, the people who have to leave the rural areas and go to a distribution centre on the weekends to get their groceries and take part in the services located in those areas, and they have told me very often, that that meal was abused sometimes by the restaurants themselves, In other words, if you had a cup of tea which was fifteen cents over, then you did not get your meal tax-exempt. I guess what they were saying, Mr. Speaker, is that they wanted it raised.

And instead of raising the tax-exempt meal, which was one thing that did help the poor people of this Province, instead of raising it, which would have been a gracious gesture by the government because it did not save the government very much money, instead of raising it they cut it out. And I think, Mr. Speaker, there is an element in our population who will bitterly hate this government for that move.

MR. WARREN: They are going out, boy, some fast.

MR. HODDER:

Mr. Speaker, we already know that school boards in the Province are in financial difficulties, we have municipalities in financial difficulties, and it says something about the desperate state of this government that school boards have been cut back in the face of overwhelming odds and in the face of new programmes which are being introduced in our schools. I suppose, Mr. Speaker, our schools, with the declining enrollments and the re-adjustments that are going on now in our schools, that they are in one of the most chaotic times for the school boards that we have ever had, perhaps since we came into Confederation. And, Mr. Speaker, I feel that that policy, the cut-backs on school boards, will be disastrous for many of the school boards in this Province because very, very few school boards in the Province are solvent.

As well, Mr. Speaker, I notice that we have cut back on the snow clearing budget. Now perhaps for people here in the city of St. John's it is not quite so noticeable, the climate is a little less severe here on the East Coast than it is on the West and in Central Newfoundland. Well, I will tell you, Mr. Speaker, that there were people on the West Coast of Newfoundland who, because of cutbacks last year in snow clearing, were stranded for days on end in communities where food supplies ran out. And with further cutbacks in snow clearing, I fear again that we are tempting fate, because it was only by luck last year that things did not become more serious than they were. I believe, Mr. Speaker, that we are endangering the lives of many of the people in the areas of high snowfall in this Province where snow clearing is already inadequate.

I notice as well, Mr. Speaker, in closing, that restraints on the members of this House of Assembly have not been what I would call severe in any way, shape or form. It has not been cut from the top down.

November 18, 1982

Tape No. 2425

SD - 2

MR. WARREN:

What about Mount Scio House?

MR. HODDER:

I had thought, Mr. Speaker, and I thank my friend from Torngat Mountains (Mr. Warren), I had thought that at least

MR. HODDER: Mount Scio House would be closed. Certainly the government aircraft is not a great sacrifice since the government aircraft has been down for the last six months anyhow, and all we objected to on this side of the House was the use of the government aircraft by ministers. Whether the cancellation of the government aircraft, because it is an air ambulance as well, and perhaps an air ambulance in both senses because it carries the sick and it carries the Cabinet ministers - but, Mr. Speaker, we have always objected to the use of the government plane by Cabinet ministers, but I doubt very much whether the use of helicopters for the transportation of sick from the remote parts of this Province will indeed save money.

Mr. Speaker, I would much rather have seen, if restraint is to be carried out, I would much rather have seen the restraints on entertainment of ministers, ministerial travel allowances, Mount Scio House, hired political appointees where every minister has an executive assistant and every Parliamentary Secretary has a full-time secretary - if we had perhaps even cut this House of Assembly back to 42 seats, if we had seen anything that would show some restraint from the top - again, the Premier's private dining room, I notice, is still open and the private elevator is still operating - but, Mr. Speaker, there has certainly been no indication whatsoever of restraint at the top. One other point, Mr. Speaker, and perhaps most important, I understand that we are in a temporary deficit position. How is it, Mr. Speaker, that the measures which the



MR. HODDER: Finance Minister (Dr. Collins)  
put forward today are permanent taxation measures?  
Mr. Speaker, I would have at least thought that when  
the \$70 million deficit is overcome these measures  
would be rescinded, but there is no message in that  
speech that anything will be rescinded. There is not  
a word that I could discern that any of those measures  
will be rescinded. What we have, Mr. Speaker, is a  
permanent solution to a temporary problem.

Mr. Speaker, in the last  
election the people of the Province put their faith  
in this administration. I believe that the government  
has not lived up to the faith that was put in them  
by the people of this Province. And, Mr. Speaker,  
in summary, I deplore the fact that we do not have  
the ability to carry on a proper budget debate over  
the coming weeks, I deplore the fact that these  
measures which we have seen today are final and not  
temporary, I deplore

MR. HODDER: the fact, and we on this side deplore the fact, that the restraints did not come from the top, and we feel, Mr. Speaker, that the people of this Province have not been treated fairly and we feel that the government has used its political arm and will in order to once again try and bail themselves out of the financial mess that we are presently in.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (Aylward): The hon. Minister of Development.

SOME HON. MEMBER: Hear, hear!

MR. WINDSOR: Mr. Speaker, I rise this afternoon to say a few words in reference to the statement made by my hon. colleague. Let me make it very clear that I am not rising to defend the statement because the statement does not need to be defended. I stand rather, Mr. Speaker, in support of what I consider to be an extremely responsible number of measures to be taken by this particular government to deal with an extremely unfortunate economic situation that we find ourselves faced with at this particular point in time.

Now I want to emphasize first of all, Mr. Speaker, that this economic situation that we are dealing with is not one that has in any way been caused by this particular government, and in fact if one looks at the expenditure estimates that we are now putting forward you will find indeed that our expenditures are very much in line with those that had been predicted in the Budget Speech of last May. In fact what has happened, Mr. Speaker, is that our revenues have been decreasing. They have decreased far below anything that had been predicted and that the numbers that were available to us at the time of the last budget speech indeed have not been proven true.

Two main numbers, Mr. Speaker, that have changed, that have varied are those of course from the federal revenues, which are down, and, of course, the

MR. WINDSOR: retail sales tax which has not yielded the amount of revenue that we might have expected. And I think it is important to point out that the estimates that were in place on retail sales tax revenues were indeed extremely reasonable at that point in time and based on all the economic indicators that were available to us at that particular time. But in fact, as one knows, and I do not think I need to tell this hon. House, we are indeed in a very difficult economic time and business and industries generally, not only in Newfoundland but all across Canada, are finding the effects of the present economic recession. The result of that very quickly is related and reflected in the amount of retail sales tax that is generated in the Province.

So, Mr. Speaker, I think it is very important indeed to emphasize that the situation that we are dealing with is not one that we could have predicted, it is not one that we could have eliminated or done something about in advance; it is one, however, that we find ourselves faced with and, having been faced with it, I think we are today in this particular statement taking very responsible and reasonable moves in order to eliminate this particular situation.

Now, Mr. Speaker, to deal generally, first of all, I suppose, with the particular situation that we are faced with, one should comment on the particular problem that we are faced with as it relates to developing resources of this Province, which is something of course that I have a great deal of interest in.

Now I must point out that one of the problems, as I see it, in this Province at this particular time is the tremendous cost, the burden of social programmes on our Province, and unless we are going to be developing the resources of our Province, generating the kind of revenues that will allow us to upgrade the standards of our services - and I am not saying

MR. N. WINDSOR: for a moment that our social service programmes are too generous; indeed they may be not the best in Canada by any means - in order to even compete with other provinces of Canada we must take steps to ensure that revenues are generated, that our resources are developed in a manner which will give the greatest amount of return to this Province and the greatest, therefore, benefit to Newfoundlanders and that has been thrust of this administration, Mr. Speaker, all throughout its particular history.

I think that it is important to note that 64 per cent of the Province's budget is allocated towards social programmes - it is a fairly high percentage - and only 17 per cent is allocated towards the resource sector of government expenditure. I think, Mr. Speaker, that if we are to overcome the economic situation for the long-term, that we must address that problem and we must be prepared to put particular emphasis on resource development in order to generate the revenues that will be necessary in the long-term not only to maintain the present level of social programmes but to improve and to increase those social programmes to bring them to a level that is equivalent, at least, with other parts of Canada.

Mr. Speaker, I want to just address for a moment the very welcome news from the hon. the Minister of Finance (Dr. J. Collins) this afternoon that retail sales tax on building materials has declined to 8 per cent. That, Mr. Speaker, is extremely positive and as Minister of Housing, of course, it is a move that I particularly welcome. I note that urban housing starts have declined by 41.1 per cent from January to October of 1982 over the same period last year, while rural starts, on the other hand, for the first three quarters of the year have fared a little better and have only declined

MR. N. WINDSOR: by about 8 per cent. When one says that they have only declined by about 8 per cent, I think that tells the story. But certainly a 41.4 per cent decline over urban housing starts is a matter, Mr. Speaker, which is of great concern, and I think it is one that the 4 per cent reduction to 8 per cent of the retail sales tax will undoubtedly be of great to and hopefully will stimulate some housing starts. I would like to point out, Mr. Speaker, particularly the problem in housing starts, as I have noted, by these declines is in urban Newfoundland. This is the area where we are finding the greatest problem, where potential home buyers are obviously having the greatest difficulty, and the reason for that partially is because there are numerous programmes available in rural Newfoundland which make it easier for one to get into a house, not that it is still not extremely difficult, but in urban

MR. WINDSOR: Newfoundland particularly, where one is considering the cost of a home, just the average home would be probably in the order of some \$50,000 plus the price of land, and out of that \$50,000, Mr. Speaker, some probably \$33,000 of that would be directly relating to the cost of building materials. Now at a saving of 4 per cent on the retail sales tax, that means a saving of some \$1,300 - \$1,320 to be exact - on the average home as a result of this reduction in retail sales tax. Now, Mr. Speaker, I see that as being extremely significant, and keeping in mind that the Province already has in place the provincial Home Assistance programme, which provides grants of up to \$1,500 to new home buyers or builders, that that also is very significant. I note that a federal grant at the moment of \$3,000 is in place. When you add that together, you now have grants available, or savings as it relates to the sales tax, of nearly \$6,000 on a first home. Add to that, Mr. Speaker, the Province's very generous programme, in my opinion, of reducing substantially the price of building lots around this Province, and in many cases the prices of those building lots have been decreased by \$5,000 to \$7,000 and you add that to the \$6,000 in savings or tax exemptions that have been provided, and you will now find that a new homeowner in this Province can have funding of up to \$10,000 - \$12,000 available to him to stimulate that house construction.

A very subjective analysis of that, Mr. Speaker, is that hopefully this new initiative can generate this year, can generate over the next twelve month period, an additional 800 to 1,000 man years of employment. That is an additional 800 to 1,000 jobs

MR. WINDSOR: generated this year because of these tax exemptions.

SOME HON. MEMBERS: Hear, hear!

MR. WINDSOR: Mr. Speaker, that only relates to construction of new homes. These are new homes generally related to first time homeowners. The tax exemption on building materials, Mr. Speaker, also reflects itself in increased activities as it relates to repairs and renovations to existing homes. And again, when you get into renovations, I just make note that there are programmes available under the Rural Remote Housing programme and the urban RRAP programme which assist persons to renovate and repair homes. I also make note that we have the CHIP programmes and the other programmes relating to energy conservation. So there is now, Mr. Speaker, a whole range of programmes and tax incentives available to persons to build new homes, to buy new homes and to indeed do renovations and upgrading to homes.

The same applies too, Mr. Speaker, to the manufacturing and the processing sector and industry generally, where there are programmes in place now, and the retail sales tax reduction on building materials will undoubtedly benefit as well companies that are proposing to build new industrial plants or to expand and modernize existing plants. In addition to that, I just make note again of the recently announced tax exemption on manufacturing equipment and certain manufacturing industries in this Province, which again is seen by industry in this Province generally as being an extremely positive move on behalf of this government to try to stimulate and generate increased activity in that particular area.

MR. WINDSOR:

Mr. Speaker, I think that those initiatives in themselves indicate that this government is very much in support of industry in our Province, We are particularly trying to help the construction industry, which is particularly feeling the pinch of the economic recession. It is the sort of area where you will find first of all the affects of economic difficulties, and it is also, Mr. Speaker, an area where this kind of stimulation can very quickly counteract the negative impact of economic difficulties generally.

I just want to mention, Mr. Speaker, the reduction in the amount of funding to municipalities. I note what you are talking about here is a very small percentage, less than 10 per cent of the grant that will be made available to municipalities as a result of the tax incentives. And I note as well that the ones who will obviously bear the largest burden of this are the larger municipalities.

Mr. Speaker, it is unfortunate, indeed, that this kind of move has to be taken, but I should note that over the last several years municipalities have received very substantial increases in funding from provincial sources as a result of The Municipal Grants Act, which was put through this House some two or three years ago. What this really amounts to is cutting back slightly on the very generous increase in provincial revenues that were made available to municipalities over the last two or three years.

I might add, Mr. Speaker, that whereas the larger municipalities are those that will be impacted upon the most by this particular measure, hopefully those municipalities will also be in the position of having the greatest amount of flexibility to deal with that amount of cutback. And when you are talking about a cutback of 10 per cent on the provincial portion, and noting



MR. WINDSOR: that you are paying fifty cents on the dollar of municipal revenues raised then that 10 per cent really relates to about 3 per cent or less of the total budget of that municipality.

Mr. Speaker, in a time when the Province generally, in all sectors of our society, is finding the impact of the economic recession, is finding the impact of shortage of funding and the Province has to take these particular moves, then undoubtedly I do not think it is unreasonable to expect that the municipalities will as well share in the difficult challenge of trying to cut back in these particular times.

Mr. Speaker, I think it is fair to say - perhaps the statement does not show it too clearly - that every department in government has over the past number of weeks cut to the bare bone the amount of funding that will be available to them over the next number of months. In order to find the millions of dollars of reductions that the Minister of Finance (Dr. Collins) announced this afternoon, it has been necessary for every department of government to look very carefully at every expenditure item in their budget and to try to find ways and means of reducing that where any discretion was available.

Obviously we have wanted to do that, and I think we have done that with the minimal possible amount of negative impact, particularly in our social programmes. As I said in my opening, I am concerned to some degree that resource development programmes are obviously going to find the impact here, but it is important that all programmes and all government expenditures bear a portion of the load in trying to find these cutbacks.

Ministers and ministers' travel and all the rest of the items related to ministers' expenditures have similarly been cut, Mr. Speaker, quite



MR. WINDSOR:

the hon. the House Leader for the Opposition (Mr. Hodder) made mention that that aircraft is also an ambulance service- I would suggest, Mr. Speaker, it has provided admirable service to people in this Province. I make note of many occasions when I was travelling on it and had to remove myself from the aircraft to allow persons who were in need of getting to hospital to go on that aircraft. That has always been the way it has been operated.

MR. DAWE: This will have no impact on ambulance service.

MR. WINDSOR: The hon. Minsiter of Transportation (Mr. Dawe) assures us that this will not impact on ambulance service that there are chartered aircraft available and that he can indeed operate a very adequate air ambulance service without the aircraft. But I do note that it certainly will be less available to ministers and that ministers will have to make, of course, other arrangements.

So, Mr. Speaker, in closing, in summary, let me say that although these are very, very tough measures, nobody in government has welcomed having to take these steps, to take these initiatives. Nevertheless, I say that this is a very responsible statment that has shown once again that this government is determined to be fiscally responsible, to ensure that our image in the world market place as it relates to the money markets is not impaired even though we are faced with very tough economic times as are all other provinces. And I think you will find, Mr. Speaker, over the coming year that other provinces in Canada, in fact, will be taking measures not only this severe but perhaps even more severe than some of the ones that we have been faced with today.

SOME HON. MEMBERS: Hear, hear.

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

MR. ROBERTS: Thank you, Mr. Speaker.

I understand, Sir, we each have  
twenty minutes. Is that correct?

MR. SPEAKER: Yes.

MR. ROBERTS: Let me begin, Mr. Speaker, by  
saying that what I have to say I hope to be able to  
say well within the twenty minutes that has been allocated,  
because I know there are many other members who wish to speak  
and I hope will speak on this. What I have to say really is  
said more in sorrow than in anger. The Minister of Finance (Dr.  
Collins) has made a pathetic performance here today. It  
is a sorry spectacle and I feel sorry for him and I feel  
ashamed for this Province that we are at the point where  
the Minister of Finance, representing the government of this  
Province, has got to make the kind of statement which he  
made today.

MR. E. ROBERTS: And let it be understood clearly, Sir, that the minister made that statement today not because he wanted to but because he had to. He has dodged and slithered all he can and now he has got to pay the piper. He has got to face the truth. I am not sure he has faced the truth; looking at some very quick analysis-and that is all we have been able to do because, as the minister did point out and rightly so, copies of the statement were provided in advance to my colleagues, the Leader of the Opposition (Mr. S. Neary) and the member for Port au Port (Mr. J. Hodder) who speaks for us on financial matters - we were not given any opportunity to study them in any detail. And this debate now, which the government have been shamed into - I notice the House Leader (Mr. Wm. Marshall) has not had the gall to show his face here today, probably because after his performance on the television last night and his subsequent overruling by the government when they realized that this mad arrogance of theirs, this example of the old adage that those whom the Gods would destroy they first make mad - not 'mad' angry, but 'mad' arrogant - we do not have any opportunity properly to debate. This kind of a pick-up debate here is no way to consider a matter as important as this. I am not going to berate and go over it, I have limited time, but I simply want to say that I agree completely with what my friend from Port au Port has said, 'It is a shameful performance.' Everyone of the hon. ladies and gentlemen ought to hang her or his head for being party to it.

Mr. Speaker, the statement which the minister made an hour or so ago was the inevitable result of the deliberate untruths which were the foundation of the government's budget statement, the budget which the

MR. E. ROBERTS: Minister of Finance (Dr. J. Collins)  
presented in this House on the 27th day of May. It was faked then, it was faked knowingly, deliberately and with intent to deceive this House and the people of this Province. Now that is why we have this statement today. The minister has evaded, avoided, skipped out, slithered, slid, dodged, ducked, gone up, gone down, gone in, gone out and finally had to come to grips with it. The traditionalists perhaps say that the Minister of Finance should resign.

MR. CARTER: What are your proposals?

MR. ROBERTS: I do not say that the Minister of Finance should resign, Mr. Speaker. He got us into this mess; the least he can do is stay on the ship - on the bridge if in fact he is on the bridge, or in the cuddy or if in fact he is on the cuddy - until such time as he gets us out of this mess. But I will say the Minister of Finance knew in May that we were heading in this kind of situation. He may not have known it would have been \$61 millions but he knew in May, and so did the Premier and so did the Cabinet, any of them who had the wit or the interest to find out the facts. Most of them, I suspect, just took the easy way out. Many of them are not capable, in my opinion, of doing anything more.

MR. ROBERTS: The Minister of Finance knew in May that the budget which he presented to this House was not an accurate forecast. On the 27th. day of May, Mr. Speaker, we were told that the Province was going to balance its budget on current account and then we had the very brief budget debate, we had the pratings of a number of hon. gentlemen opposite, including, I remember particularly, the gentleman from St. John's East (Mr. Marshall), the House Leader, who in every second word of what he spoke in his contribution to the debate, as brief as it was, said, "We are having a balanced budget, are we not grand?" And now, Mr. Speaker, the truth is coming out.

I see the Premier is back.

Let me take care of his most recent evasions with the truth while he is here.

PREMIER PECKFORD: Evasions?

MR. ROBERTS: Yes, they are evasions of the truth. Of course. On Tuesday in the House the Minister of Finance (Dr. J. Collins) answered very manfully and very fully a number of questions which were put to him and gave the House a great deal of information, gave the people of the Province a great deal more information than they had had for some considerable time. The Premier realizing the political damage being done by the honesty of the Minister of Finance, immediately scurried down to his office, the floor below here, and in due course either he or some of his minions produced a press statement, the effect of which was to say that there have been five separate statements made by us, the government, which gave warning that we were heading for a budget deficit. Well, I have looked at those five statements and I simply say to the Premier that not one of those five statements indicated that we were heading for a monstrous deficit on current

MR. ROBERTS: account. In fact, Mr. Speaker, the mere fact that these statements were issued and did not tell the people the truth as the government knew it - I am not saying the government could see everything that came, but that they did not tell the people of this Province the truth as they knew it at the time those statements were made - is confirmed by the fact they made the statements and did not tell us in the budget.

So the Premier has simply dug himself in deeper. I would leave the point, because time is short, by citing to him Walter Scott's lines, "Oh, what a tangled web we weave, / When first we practice deceive'."

MR. CARTER: Are you calling him a liar?

MR. ROBERTS: Mr. Speaker, that is the summation of the Premier's dilemma and his peccadilloes on this one, "Oh, what a tangled web we weave, / When first we practice to deceive."

Now, Mr. Speaker, let me go on and come back again to Tuesday's question period because the Minister of Finance on Tuesday gave us a great deal of information. I do not think he knew what he was doing. I think he was far franker than he realized. But he was trying his very best to co-operate and he did answer questions as fully as he could and we are all very grateful to him.



MR. ROBERTS: He told us, as we all knew, but he told us clearly that the money comes from two sources; first of all, the federally imposed and collected taxes, and then, secondly, the provincial revenues. And he attempts again in this statement today to say that most of the current problem has come about because of mis-estimates, wrongful estimates, incorrect estimates from the federal treasury. Now, Mr. Speaker, I do not know whether that is true or not. I will simply say that because the minister says it is so I do not believe it. I will say to him he has to prove it. Given him the burden of his performance - and I will talk in a moment about the accuracy of his estimates - given the benefit of his performance, given the benefit of the way he has revealed his evasions and his untruths and his deceits and his attempts to mislead, I would say that the minister at the very least has got to come into this House and has got to lay on the table the data which he received from Ottawa. And I will say that until he does that I for one, and many others in this Province, including a great number who supported the Tory party in the last election and who may support it in another election, but a great number of us in this Province, Mr. Speaker, will believe that the government deliberately overstated the revenue. It is not enough simply to say that Ottawa told us we would get X and we are only getting X minus and it is all Ottawa's fault. I say to the minister that the very least he has to do is to show that what he said was correct and I will leave it at that and we will see what he says. But I will

MR. ROBERTS: tell him that, of course, there are two people, two governments who know the truth, his government is one and the government is Ottawa is the other, and we will see. But let me talk about the provincially imposed and provincially collected taxes to show the sort of accuracy, the sort of truthfulness, the sort of honesty which underlay the Minister of Finance's (Dr. Collins) budget presentation. We are told in the budget, Mr. Speaker, we are told in the budget that the yield on the provincial sales tax - now this is before this cruel increase, the first of the fruits though not the last, I fear, the first of the fruits we are going to have to pay, the first of the fruits that are going to have to be swallowed, unpalatable though they may be - we are told in the budget that the yield from the retail sales tax - the yield from it, not the rate - the yield from it was going to increase during this fiscal year and we are estimating - it is on Page 22 of the minister's budget statement in the House - \$286 million. We are told that for the financial year which ended 31 March 1982, the preliminary estimate of the yield was \$257 million. That is an increase of 11.2 per cent in the retail sales tax which is, of course, the largest single tax source available to the Province, larger than personal tax, larger than corporate tax.

MR. ROBERTS: The Minister of Finance (Dr. Collins) said he was expecting to collect 11 per cent more this year than the government did last year. Now, last year, I may add, they collected 4 per cent more than in 1980. The year to year increase 1980 - 1981 to 1981 - 1982 was 4.3 per cent; the year to year increase 1981 - 1982 to 1982 - 1983 predicted by the Minister of Finance was 11.2 per cent. What could be more predictable than the retail sales tax? They may say, 'The economy was going to go down. How did we know that?' Well, of course, even the children in the street knew, but maybe the minister of Finance did not. But he did know something else, Sir. Simultaneously with his budget, he tabled in the House the Economic Outlook, a document prepared, I assume, by his officials but it is produced under the imprimatur of the Minister of Finance. Page 47, 'Selected economic indicators, retail trade, millions of current dollars, percentage change, current dollars, 1982 over 1981, 9.3 per cent.' Well, now, there is honesty for you. In his budget he predicted an 11 per cent increase in sales tax and in his supporting documents he told us he was only expecting a 9 per cent increase in retail trade. Now if that is not a deliberate attempt to mislead. 'Oh, it is only - what is 2 per cent on the sales tax?' Oh, a mere \$12 million or \$13 million, practically nothing! Not likely! It is a great deal of money.

What about the corporate tax?

I mean, we have seen how the minister - and I say it is deliberate, Sir, it could not have been accidental. I know what they did. I know what they did. They said, 'We have to balance the budget,' Mr. Speaker, and they did it by cooking the books, and now the truth is outcoming.

MR. ROBERTS: Let us look at the corporate tax, the corporation income tax - the year ending 31 March 1981 and comparing the increase as of that point with the year ending a year later, 31 March 1982, the increase was 1.4 per cent. This year they budgeted for an increase of 20 per cent in corporate income tax. It was to go up from 51.8 per cent to 61.5 per cent, said the same economic document the minister tabled. The Minister of Development (Mr. Windsor), doing his very best to defend a very weak and pathetic situation indeed, but doing his level best for his party, cannot get around the statement on page 14 of the economic review: "Corporate products will remain sluggish for most of 1982, but as the anticipated recovery in the United States gets underway in the second half of the year, demand for provincial exports, fish, iron ore and paper should pick up. This will come too late to offset the earlier softness, however, and business income is not expected to increase in real terms for the year." Now, Mr. Speaker, if "business income was not expected to increase in real terms for the year," how could the Minister of Finance (Dr. Collins), with any intellectual honesty or integrity, have predicted a 20 per cent increase in the yield on corporate income tax?

MR. ROBERTS: Now when I say this Budget was faked, that is what I mean. I suspect - I do not know, I do not have access to the Ottawa figures - but I suspect that when we get them we will discover that maybe the yields are down from the amount stated in the Budget, but the amounts stated in the Budget were false, were forged, were fixed, were flatulent.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Now the truth comes out.

MR. ROBERTS: Now, Mr. Speaker, the problem has come about because of a planned programme of deliberate deception to which the Premier is the chief actor and the Minister of Finance (Dr. Collins) is a willing tool.

Now, Mr. Speaker, let me come back in the very few minutes I have left - I suspect I only have one or two or three minutes. Perhaps the Clerk could send me a note to advise me as to how long I do have left.

SOME HON. MEMBERS: By leave!

MR. CARTER: It is far too long already.

MR. ROBERTS: Yes, it may be far too long for gentlemen opposite. The truth always made them squirm and they are getting the truth now. The numbers tell the truth. And so much for the Minister of Development's (Mr. Windsor) comment that the retail sales tax estimates, he told us here half an hour past, were reasonable. Reasonable! The budget's own figures make the minister out to have been less than honest.

Now, Mr. Speaker, let me talk very briefly, as I have only got three or four minutes left -

MR. NEARY: By leave! By leave!

MR. CARTER: No leave! No leave!

MR. ROBERTS: - let me talk about some of the cuts which are told about in this statement. The problem is that the Premier and the Minister of Finance (Dr. Collins), and the whole Cabinet, if in fact the whole Cabinet are party to it, and I know my friend for St. John's North (Mr. Carter) would to have been party to this, but he is not taken into account in any of the decisions over there these days. The real tragedy is that these cuts, Sir, are neither fair nor equitable.

MR. CARTER: What would you do?

MR. ROBERTS: The government has once again - I will tell my friend in a moment what I would do.

MR. CARTER: You do not have long.

MR. ROBERTS: The cuts, Mr. Speaker, fall most heavily on the backs of those least able to bear it. If ever there was a Tory document, a Tory doctrine in action it is this.

MR. NEARY: Tory times are hard times!

MR. ROBERTS: Hit the people who are least able to bear it. Municipalities, a mere five cents on the dollar for the first \$2 million. That is \$100,000 on \$2 million. And that will have to be made up either by cutbacks in the services of municipalities or by increases in the taxes already high in municipalities and taxes which have been forced up and up by this government over the years.

MR. CARTER: What would you do?

MR. ROBERTS: Now, Mr. Speaker, let us talk about some things that could be done. We could, for example, lay off the executive assistants -

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: - who serve no purpose except, one, to provide a political job for some deserving or undeserving Tory hack as the case may be and , two, to

MR. ROBERTS: help a minister, most of whom have little enough to do, to look after his constituency and do his work as a member. Now how many are there? Twenty of them at \$25,000 each - there is \$500,000. Put in their secretaries, put in their travel, put in whatever else they cost the Province and we are probably getting close up to \$1 million. That is \$1 million right there.

Now, Mr. Speaker, let us now look at somewhere else. We have four Parliamentary Secretaries, estimable gentlemen -

MR. CARTER: How many?

MR. ROBERTS: I am talking about the four new ones, in whose ranks the gentleman from St. John's North (Mr. Carter) is conspicuously not present. Now, Mr. Speaker, each of these gentlemen is being paid \$15,000, and I have no doubt they are worth every penny of it in a normal situation. But how come we in Newfoundland, with these desperate measures, are paying Parliamentary Secretaries \$15,000 when in Ottawa they are only paying \$4,000 over and above their salary and emoluments as a member of the House. You know, that is a pretty good example of the value system. Here they are paid \$15,000. That is only \$60,000 but it adds up, does it not? But \$60,000 would nearly equal the amount alleged to be saved on the fire station down in Pleasantville. I suppose the people who live down there now are either not going to have fire protection or somebody else is going to pay for it. That is the government's approach.

MR. CARTER: What about the Opposition?

MR. ROBERTS: Why did not they save that.

Each of these four gentlemen, I understand, has had a secretary hired to work with him. Fine and dandy! That is probably another \$20,000 times four, another \$60,000 or \$80,000. You know, we could go through the estimates -

MR. WARREN: What about Mount Scio House?

MR. ROBERTS: Mount Scio House. Twenty-seven

MR. ROBERTS: rooms. The biggest non-profit housing venture of the Province! I thought the Premier in the very least was decent, and I believe he has some decent instincts if they have not been overwhelmed by this drive for power. You know, I thought I had seen one man destroyed by power, I thought I had seen Acton's maxim exemplified by one man. I am seeing it again now. The Premier knows the maxim of which I speak; it is in the letter that Acton wrote to the Bishop of London. I thought in the very least the decency, which I believe the Premier has in him, would come out and he would say, 'Let us close Mount Scio House and my family and I will live elsewhere. We will save the cost - the maids, the housekeepers, the grounds keepers, the light, the heat, the snow clearing, whatever it costs up there - we will save that.' No other Premier in Canada has a house provided by the taxpayers, not one not from coast to coast, Mr. Speaker.

MR. BAIRD: Tell the whole story, will you?

MR. ROBERTS: My friend from Humber West (Mr. Baird, what is the rest of the story?

MR. BAIRD: You should find out.

MR. ROBERTS: Alright, I would like to find out if only the colleagues he supports would tell us the whole story. That is the burden of what I am saying, we cannot get the whole story.

PREMIER PECKFORD: Who first occupied Mount Scio House?

MR. ROBERTS: Mr. Speaker, the man who first lived in Mount Scio House as Premier was Mr. Moores. The first Premier of this Province to live in Mount Scio House was the hon. Frank D. Moores, and he paid rent. The present Premier does not even pay rent. Not that the cost of Mount Scio House amounts to very much compared to the \$60 million deficit, it is the symbolism of it. It is the fact that if we are going to have swinging cuts on people who must look to social assistance for their living, the widows who have lost the \$35 and \$70 a



MR. ROBERTS: month because they have an  
eighteen year old son unemployed living in their home. What  
do they do? Drive him out in the snow, dirve him out? That  
is the Tory doctrine. You should see some of the letters I  
have had and listened to some of the phone calls I have had  
from ladies

MR. ROBERTS: who have had the visit from the welfare officer and been told, 'You are cutoff.'

MR. ROBERTS: Wrong, not wrong, Sir.

MR. SPEAKER (Aylward): Order, please!

MR. ROBERTS: I am not wrong, not wrong.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

I have to inform the hon.

member that his time has elapsed.

MR. ROBERTS: May I have leave to continue, Mr. Speaker?

SOME HON. MEMBERS: No. No.

MR. ROBERTS: Alright. "The truth will make you free."

MR. SPEAKER: The hon. the Premier.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Mr. Speaker, the hon. the member for the Strait of Belle Isle (Mr. Roberts) has some nerve to ask for leave to speak longer. He only comes to the House about 20 per cent of the time yet he tries to pretend - he should take about half his salary if he is going to come to the House half of the time. Talking about restraint, let us have the member for the Strait of Belle Isle stand up in his place and say that he is only going to be in the House 20 per cent of the time he should get 20 per cent of his sessional indemnities. That is what the hon. member should do.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: May I answer that?

PREMIER PECKFORD: When I am finished. When I am finished.

PREMIER PECKFORD: How pompous can the hon. member for the Strait of Belle Isle (Mr. Roberts) get, suddenly to get up, an hon. member who was born with a silver spoon in his mouth and who now participates in this House when it suits him and then when it does not to be outside of this House, Mr. Speaker.

SOME HON. MEMBERS: No, no.

PREMIER PECKFORD: Oh, yes. "Out off the mouths of babes." "People in glass houses should not throw stones." I like the nerve of the hon. member for the Strait of Belle Isle. Is he running for the Liberal leadership again now, Mr. Speaker, I wonder? Is he back in the foul to try to get the job so difficultly won by the member for LaPoile (Mr. Neary)? Is that what he is trying to do now? Is he trying to impress his colleagues over there? Oh, yes, Mr. Speaker, he is the last hon. member who should talk about the humbel roots, talking about widows is the hon. member for the Strait of Belle Isle, who walks into this House once or twice or three times a week for a few minutes and then scurry back downtown to make some more money and then take his cheque.

SOME HON. MEMBERS: Oh, oh'.

PREMIER PECKFORD: Oh, sure, Mr. Speaker. Who is going to believe that in this Province, I wonder?

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Talk about good quotes, Mr. Speaker, the hon. member for the Strait of Belle Isle prides himself on his quotes. I would say to

PREMIER PECKFORD: the hon. member for the Strait of Belle Isle (Mr. Roberts) as he moves and scurries out of the House, 'Out, out brief candle!/Life's but a walking shadow' - Mr. Speaker - 'That struts and frets his hour upon the stage,/And then is heard no more; it is a tale/Told by an idiot, full of sound and fury,/Signifying nothing.'

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Now, Mr. Speaker, the hon. member for the Strait of Belle Isle talks about that we did not, during the last three or four months indicate financial troubles. It is very, very interesting, Mr. Speaker, that the hon. member for the Strait of Belle Isle talked about the press release that I issued the other day counteracting statements that he had made in this hon. House. And he says, and he said again today, Mr. Speaker, that he had read over these statements and he could find nothing in these statements that I had used the other day to indicate that we were at all signalling, or foreshadowing that the economic downturn was continuing and revenues were falling. The interesting thing is, though, Mr. Speaker, the hon. member did not quote from one of those articles. He read them and then we had to believe the hon. member for the Strait of Belle Isle, we had to believe that what he said was true.

Now, Mr. Speaker, let us look at the statements. The hon. member for the Strait of Belle Isle would not quote them. He wanted everybody in this House to believe that all the statements that I had made in the press release the other day were false, that there was no mention at all that the Minister of Finance (Dr. Collins) or

PREMIER PECKFORD: the Premier had signalled to the people of Newfoundland three or four months ago that there was trouble lurking ahead. That is what the hon. member for the Strait of Belle Isle (Mr. Roberts) said. June 29th. was the first indication from the Minister of Finance (Dr. Collins)- not very long after the budget-when we indicated a number of times about some indications we were getting from Ottawa that the revenues were not going to be the same. We did not know for sure but we signalled it and we indicated on June 29th. that the recovery, which a lot of people earlier this year, not me, other people who advise us in Toronto, and in New York, and in Europe, that the recovery would come early in '82, and then we indicated that the economic recovery - there is a statement - was being delayed until 1983. June 29th. we said that.

July 28th., "Dr. Collins,  
President of Treasury Board: 'The first priority is to maintain financial integrity of the government and this is of absolute importance.'" Those are the first two that we signalled, Mr. Speaker.

Then in a statement we said on August 11th., "In addition to the effect of unemployment, we remain concerned over how it will affect government revenues during the current fiscal year." That was said, Mr. Speaker. I had a press conference on it. The statement was issued. I took questions from the press and indicated my great concern. I had just come from Labrador City and saw that there were going to be other close-downs in Labrador City and Wabush, that they were closed down then. I talked to the mine managers, called up the members of the forest industry, all of

PREMIER PECKFORD: the members of the forest industry, had meetings with them, had ongoing meetings daily, as did the other ministers, with all the fish companies, and it is still up in the air. We do not know when the whole fishery item is ever going to come down to roost again. That was on August 11th, we signalled that. And we, all the Premiers, talked to the Prime Minister in June. He had just come back from talking to his friends, Mr. Schmidt and Mr. Mitterand, over in France, his good Socialist friends. And we asked the Prime Minister, all the Premiers, 'What do your economic advisors say? What are they saying?' And they were just as contradictory as all of ours were. There was no straightforward, coherent advice coming from the financial community. All you have to do is look at the stock market and see what happens down there. It has been going up and down like a yo-yo for the last two or three years, I know that. Who would have predicted six months ago that the interest rate would be where it is right now, Mr. Speaker? Who amongst us, who over on the other side would like to do some predictions for us now on what the retail sales tax is going to be in absolute terms come March 31, 1983? Write down your numbers. Get your advisors. I challenge the Leader of the Opposition (Mr. Neary) or the member for the Strait of Belle Isle (Mr. Roberts) - he does not need an advisor -

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: - put down your numbers now and put them in an envelope and put it in a box on the table of this House until next March and see who will be close and who will be far off. Nobody but nobody has been able to predict the revenues, including the federal government with all their additional advisors over all the

PREMIER PECKFORD: provinces. Nobody has been able to do it. And if you look at all the provinces - and we have seen all their preliminary figures. The other thing is, Mr. Speaker, you have to be accused in anticipation, you are a murderer before you commit the crime. You have to wait until the economy moves or does not move, and then know how much comes in, and then when it comes in, you can say it is down or up or in-between or out or over or across. How can you do it before, Mr. Speaker? We are about the first provincial government, and the only reason why the federal government has made any move and Mr. Lalonde has brought in an economic statement is because Mr. MacEachen got into so much trouble, and Mr. Trudeau himself, on the three budgets that they brought in. Talk about being off, Mr. Speaker! Over the last three years the great federal government has been off 'way more than any of the provinces in their predictions.

AN HON. MEMBER: Three times.

PREMIER PECKFORD: Three times more. Many times many, many commentators have commented upon it. And even in the most stable of times there is always, as the bureaucrats like to call it, a variance. Nobody has ever said a word about the positive variances, and sometimes the negative variances, over the years in budgets that Newfoundland governments have brought down since 1949 - did not know we were going to get it. If Alberta runs and Ontario runs and B.C., that helps our equalization a little bit.

PREMIER PECKFORD: Who knew? The federal government could not know. I do not blame the federal government on their EPF. They calculated how many people would be in Newfoundland three years later and were thousands of people out and now are looking for \$20 million from us. So that will give you an idea. You can look at any budget, even in a stable time, and there are variances of 4 per cent, 5 per cent or 6 per cent. That does not sound like much but if it is on \$1 billion or \$500 million or \$20 million then it turns out to be a lot. And what are we doing now, Mr. Speaker? Are we waiting for it all to happen? As soon as we got the final numbers from the federal government on corporation income tax in October 1982, as soon as we got the latest numbers on that - when we going to do it in the middle of the Summer? - what happened, Mr. Speaker? We briefed the press and showed it to a lot of people. Where did retail sales tax go in the Spring? In May they were up. We were supposed to bring in a new budget then? In June they were down, we were supposed to bring in a budget then? Now, which one are we going to believe, May or June? Then where did they go in July? Up again. And significant variances. So at what point in time do you amass all the data and say, 'Now it is time to do something. August 11th we alerted everybody: The effect of unemployment, ' We remain concerned over how it will affect government revenues during the current fiscal year.' And then on August 30th we did not want to bring in wage restraint. I suppose it is like student aid. We have the best student aid in Canada, bar none. A statement unchallengable. The best student aid in Canada. A number ten province has a number one student aid programme.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Now, Mr. Speaker, in the same way, that is the way we are built, all of us, on both sides of



PREMIER PECKFORD:                   the House, we were reluctant to bring in a wage restraint. We do not believe in it. It goes against my grain. Then we were forced to, after I came back again from looking at what was happening across the nation. What did we say on August 30th? People will not carry it. There is a lot of people in the press that will not carry it. What did we say? 'Because of declining revenues within the Province and cutbacks in equalization from the federal government this policy is being assessed.' What policy? The policy of not having wage restraints.

MR. J. MORGAN:                   That was paid in August.

PREMIER PECKFORD: That is not bad. When did we bring down the Budget? May?

AN HON. MEMBER: May.

PREMIER PECKFORD: May, June, July, sixty days. Sure we are magicians, Mr. Speaker, to be able to do it that quick without getting all of the results in. We commented upon it, indicated it.

Then the hon. member for the Strait of Belle Isle (Mr. Roberts) and others can say we cooked the books. We cooked the books! We got predictions from the federal government on corporate income tax. The hon. member for the Strait of Belle Isle talked about how much we are out on corporate income tax. Who gave us the figures? Who gave us the figures? The federal government gave us the figures on corporate income tax, and they said around \$50 million. You know what they were talking about? Upturn! Upturn! Every now and then there is another upturn. Every quarter for the last ten quarters there was going to be an upturn.

MR. SIMMS: If Trudeau walked out there would be an upturn.

MR. MORGAN: Every week with MacEachen, an upturn.

PREMIER PECKFORD: But it was not his fault. That is what was in vogue in the economy community. You can go and talk to all of them. You can go up and talk to McLeod, Young, Weir, Dominion, Ames or talk to Wood Gundy or go down and talk to Salomon Brothers, but they will all couch it. I suppose I am a professional so I cannot say anything against professionals - I suppose teachers are supposed to be considered professionals - but I must say that professionals have a wonderful way of saying something and saying nothing, Mr. Speaker, they really have. And if you try to pin them down, I am going to guarantee you you have got to be some good.

PREMIER PECKFORD: That was the 30th. August 31, the highlight of the game, Mr. Speaker, 'We have been made aware recently of a number of significant negative adjustments' - now perhaps the words are too big, perhaps we should not have said 'negative adjustment' perhaps we should have said, 'falling dollars'.

MR. SIMMS: Too big for them to understand.

PREMIER PECKFORD: 'negative adjustments in our entitlements from the federal government. These federal revenues comprise approximately one half of our total revenue base.'  
When did we bring down the Budget?

PREMIER PECKFORD: May 27th., June 27th., July 27th., August 27th., three months, ninety days. When was the budget approved? When was the budget approved?

MR. SIMMS: Mid June.

PREMIER PECKFORD: June.

MR. CALLAN: What budget? We have not seen one yet.

PREMIER PECKFORD: "In addition, there is a strong possibility" - ninety days after the budget was brought down, that is not bad, I would like to see what other government in Canada had that many signals out in the community - "In addition there is a strong possibility," the member for the Strait of Belle Isle (Mr. Roberts) said I never said any of this. He did not see anything in these statements.

MR. WINDSOR: That is because he was not here.

PREMIER PECKFORD: The member for the Strait of Belle Isle said there was nothing in any of these statements. "In addition, there is a strong possibility that our targeted level of provincial revenue will not be attained" - in view of what? - "in view of continued depressed economic conditions and sluggish demand for many of our resource based products."

Hallelujah, brother!

MR. SIMMS: A few big words, put in the big words.

PREMIER PECKFORD: Mr. Speaker, there are the facts for anybody who wants to read the statements and our predictions on revenue increases were no different than everybody else was giving at the time. Now we know we are small, we are a small province, we might not have as many experts as they have up-a-long or somewhere else, but I am going to guarantee you, Mr. Speaker, they are just as good. They are

PREMIER PECKFORD: of high quality and we have been just as on as Alberta or Ontario.

So those who continue to allege that somehow we did not say a thing about our present circumstance have to hide their heads in shame because the facts are there in statements, tangible, concrete statements that we made, all the way through, right from thirty-three days after the budget was delivered, through to ninety days, through until now. So nobody can rationally sustain the argument that we did not say anything about falling revenues until two or three weeks ago. It cannot be sustained. It can be knocked down. It can be destroyed by just quoting those statements by the Minister of Finance (Dr. Collins), and myself.

Now, Mr. Speaker, what did we try to do today? It is not easy, Mr. Speaker, it is not easy, and that is why we did it today rather than the Opposition coming every day and saying, "Where is the economic statement? Where is this?" We wanted to do it rationally. We wanted to do it in a way which could fairly, as fair as you could,

PREMIER PECKFORD: spread the pain among all the sectors of the economy. And I guess the last thing we wanted to do was some of the things we ended up doing. Nobody wants to do it but that is where the great amount of revenue is. Now the member for the Strait of Belle Isle (Mr. Roberts) came up with at the most \$1,500,000 and we with a projected deficit of \$60 million! Take off the \$25 million, \$35 million. And all they can do over there is then try to attack me personally and I am supposed to be able to have \$35 million. Well, when you are looking for \$35 million in this tiny Province you have to look hard. And what was the biggest thing we did, one of the biggest things we did? We got \$4.3 million. How did we get that? Through salary savings, a hiring freeze and selected layoffs. That is how we got over \$4 million. Where did we get \$3 million? From supplies and furniture. Every minister in every office has got to say, 'No more furniture, no more supplies, you are finished with them.'

MR. CALLAN: You have it all now. You do not need any more.

PREMIER PECKFORD: No, we gave it all to the Opposition office down there.

MR. SIMMS: The most elaborate Opposition offices in Canada.

PREMIER PECKFORD: You got your fair share. Consultants and other professional services, \$1.6 million. The Opposition earlier were trying to accuse us that all we wanted to do was hit the poor and hit the sick. Where do you get \$4 million, where do you get \$3 million, where do you

PREMIER PECKFORD: get \$1.6 million? That has not hit any of them yet. All the big money is coming from government itself, it is coming from government itself, \$9 million right there in those first three. Ministers and public service transportation and communications, \$1.3 million, \$1.3 million from transportation and communications by ministers and the public service, all of them; overtime \$400,000, postage \$300,000, maintenance to public buildings \$250,000, government aircraft \$100,000, that is all of them. We have not touched anybody yet who is sick or poor, Mr. Speaker. And how much did we take away from the sick and the poor when you look at all of that? How much did we take away from them when you look at those charts? How much of the \$35 million? Social assistance, \$750,000 out of a budget of - what? - \$40 or \$50 million? What was the budget of the Department of Social Services? Forty million dollars. Three quarters of a million dollars out of \$50 million. Senior citizens' homes;

PREMIER PECKFORD: What is our subsidy on senior citizen's homes now? Millions of dollars!

MR. SIMMS: Eight or ten million dollars.

MR. PECKFORD: Eight or ten million dollars?  
It must be more than that.

MR. HOUSE: \$25 million.

PREMIER PECKFORD: \$25 million. Do you have the budget there? How much did we cut out of all the senior citizens' homes in the Province - \$280,000 -

MR. DOYLE: Out of \$25 million.

PREMIER PECKFORD: - out of \$25 million. \$25 million and we cut \$280,000, Mr. Speaker.

Snow clearing: The hon. members were talking about getting stuck in the snow there a few minutes ago - \$200,000 for the whole Province and Labrador.

MR. LUSH: That was after cutbacks last year. You cut that from last year's budget.

PREMIER PECKFORD: Yes, and it worked too.

MR. LUSH: Oh, sure it did!

PREMIER PECKFORD: The St. John's School for Boys: We are going to phase it out. We are going to put the boys on the street? Of course not! They are going to go into other homes. And the people who are working at the Boys' Home, there is a policy to accommodate them within the system, to find jobs for them.

So out of all of that, Mr. Speaker, out of all that \$19 million there - \$19.2 million - there is a percentage of 4 per cent or 5 per cent out of that whole amount. Eighty-five per cent or 90 per cent of it comes from programmes within government - offices being cut back, consultants being cut back, supplies being cut back, overtime being cut back. We cut first 80 per cent or 90 per cent of it and 5 per cent or 10 per cent and then it was done with a fair amount of compassion from \$25 million we cut \$280,000. Is that going to hurt the senior citizens of this Province? No! Out of that \$280,000 spread over the whole system



PREMIER PECKFORD: there might be one laid off in one senior citizens' home, one laid off in another one out of a staff of twenty-five or thirty or thirty-five.

No, Mr. Speaker, they can try all they like, but when you look at the cuts they are fair. Then we went to Memorial University. Memorial University cut \$3.2 million, the Housing Corporation cut \$1 million. We are asking the municipalities to share - how many municipalities in the Province? - 309, 310 municipalities. But how much have all those 310 municipalities got to restrict their budgets, all 310 together? By \$720,000, not even \$1 million.

MR. SIMMS: Three per cent.

PREMIER PECKFORD: Three per cent, asking them to restrain themselves 3 per cent.

The School of Medicine - \$250,000; the College of Fisheries - \$223,000; Medicare Commission - and that is laying off people in the Medicare Commission who are processing bills and so on, the Bay St. George Community College, the College of Trades and Technology, Newfoundland Farm Products - where are all the sick and poor in that, Mr. Speaker?

School boards: All the school boards in the Province - what is our operating grant to school boards? Does somebody have the budget there? Operating grants for school boards, all the school boards in the Province.

MR. SIMMS: Over \$200 million.

PREMIER PECKFORD: \$150,000 for all the school boards in the Province - \$150,000, Mr. Speaker. That is how much we are going to restrict education on the operation side. What is the operating grant on school boards? I do not know if anybody has it there.

MR. DINN: \$35 million.

PREMIER PECKFORD: \$35 million - \$150,000 we are

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PREMIER PECKFORD: going to cut, \$150,000 out of  
\$35 million.

Labrador Games, Alcohol and Drug  
Dependency Commission, Public Libraries Board, Canada Games  
Park, Legal Aid, Local Roads Grants - reduced by \$30,000  
for the whole Province -

PREMIER PECKFORD: Gander Development Corporation, Newfoundland Institute of Management, Advancement and Training. So out of all of those items I just mentioned, Mr. Speaker, out of all of them, the \$19 million, what do you have? You have \$375,000 from Social Assistance and \$285,000 for senior citizens' homes - they are the only big two - \$600,000 out of \$19 million. And all the Opposition can talk about is the \$600,000. How about the other \$18.5 million, Mr. Speaker? How about that? So it can be clearly seen, if one scrutinizes the restraint measures that we made, that we have tried and have succeeded in 95 per cent of it to be able to restrict government itself and the school boards and the senior citizen homes were hardly touched, and throw in the municipalities with it, \$720,000 for the whole Province. Nobody likes it, Mr. Speaker, but that still was not enough. Now here is the big point, Mr. Speaker: We had to get \$35 million. Forget the \$25 million to add up to your \$60 million, we forgot that even though we have to go borrow it now and pay back the federal government. That is not really a deficit, we are saying, because it is a three year overpayment from the federal government to us. So we can argue that that is not a legitimate deficit. It is still a deficit but it is three years, so we should really have three years to pay it back, so we will not look for that \$25 million. Why did we say that, Mr. Speaker? Why did we not look for the other \$25 million? Because we knew, Mr. Speaker, to look for the \$25 million we then would have to hit the sick and the poor really bad.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: That is why we did not take in that \$25 million. So we only went with the \$35 million and we got \$19 million. How could we get the other \$16 million, Mr. Speaker? Then we said, 'Okay. Boy oh boy, we have not

PREMIER PECKFORD:

got very many taxes to increase around here. We will have to cut some more in Education. We will have to cut some more in hospitals' - and we have not cut anything in hospitals. Nobody has mentioned that. We gave them more. We gave them all budgets in the Spring and then we gave them \$7 million more. All of the open lines over the last week or so, 'How much government has cut off!' We have not cut a budget. They got more, 18 per cent more in operating this year than they had last year. So we got our \$19 million but we had to get another \$16 million. Where are we going to get the \$16 million? Let us go back to Education, let us go back to Social Services, let us go back to health, let us go back to the old. And what did we say? 'We cannot go back to Education. We cannot go back to Health. We cannot go back to Social Services. We cannot go back to the old.' So what did we do? There was only one thing to do. If you smoke, you are going to pay more for it.

MR. E. HISCOCK:  
Building.

Cut out the new Confederation

PREMIER PECKFORD:

That is going to save us money.

You would be the first one on the Public Accounts Committee to attack us if we did not build it when the Auditor General said it would save us money.

MR. HISCOCK:

I would not.

MR. L. SIMMS:

Are you speaking for Quebec

now or what?

PREMIER PECKFORD:

Yes, who are you speaking for?

Anyway, Mr. Speaker. So, what do we have to do? We said in that case -

AN HON. MEMBER: Cut out building the Clarenville hospital.

PREMIER PECKFORD: You are against the sick now, I suppose.

MR. HISCOCK: No.

PREMIER PECKFORD: No, no, of course not!

If we were not building it though, we would be against the sick! Yes, oh, yes, definitely, most definitely! If we did not build a hospital in Clarenville, oh, my son, I am telling you! You want to have your cake and eat it too. You want to have your cake and eat it too, or you want Newfoundland and Quebec too, I am not sure which.

So, Mr. Speaker, we had \$16 million more to get and we decided that the only way we could do it - we could not go back and hit Social Services, we could not go back and get it from Health or Education or the old - was, we said, 'Those who smoke must pay more, those who drink must pay a lot more. Holy smoke! We still do not have our \$16 million. Do you know what we are going to have to do? We are going to have to put the sales tax up.' A great gamble, perhaps you will not get it, perhaps it is counter productive, but we had to do something to try to get that other \$16 million. So we put it up and then we said, 'Well, now we have it up. Is there something we can do, some area where there is a great multiple for creating jobs?' And the Minister responsible for Housing (Mr. Windsor) said, 'Yes, there is, let us try it.' And we did our figures on it and we said, 'Okay, 12 per cent, we have no choice. Hopefully we will drag in the rest of the \$16 million, but, by the same token, we will reduce sales tax on building materials down to 8 per cent.'

PREMIER PECKFORD: Now, all those people who are on the fringes there of getting into homes perhaps over the next -

MR. WINDSOR: It is a good psychological move.

PREMIER PECKFORD: Yes, it is a good psychological move. You might get some housing starts now and a lot next Spring based upon that.

MR. SIMMS: Renovations.

PREMIER PECKFORD: Renovations. 'You might be able to do something there to stimulate the construction industry where you have a multiple of different occupations and a lot of people involved,' and that is what we did.

So, Mr. Speaker, number one, we did not hoodwink anyone. The problem with the Opposition is that we hoodwinked them last April, Mr. Speaker. That is the problem, that is who we hoodwinked, we hoodwinked the Opposition.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Easy, Mr. Speaker, any day of the week! That is who was hoodwinked - easy, any day of the week, Mr. Speaker! We did it and we proved it.

Number two, Mr. Speaker, we are not hitting those who are defenceless; 95 per cent to 98 per cent of the budget is taken from government itself, and a very small, miniscule part, 3 per cent or 4 per cent spread nicely over the system so it does not hurt any one single part.

Thirdly, then, we raised a few taxes for those who smoke and drink and, hopefully, we will raise the rest on sales tax. Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Speaker.

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

MR. NEARY: Mr. Speaker, first of all

I have -

MR. BAIRD: Get the shovel! Get the shovel!

MR. NEARY: I did not interrupt the Premier

when he was speaking and I hope I can get the same courtesy from the other side of the House.

First I have to say, Mr. Speaker, that I am very disappointed with the performance of the hon. Premier in this House this afternoon. One would have expected, Mr. Speaker -

MR. STAGG: The hon. gentleman has been disappointed several times now.

MR. NEARY: The people of this Province would have expected better from their Premier. They would have expected him to be humble. They would have expected him for the first time in his political career to stop playing politics and show the people of this Province that he is a man who knows how to govern the Province, that the custody of this Province had been placed in the right hands. Now he had an opportunity this afternoon to do that and the hon. gentleman, Mr. Speaker, failed miserably. The Premier has shown again that he just does not understand. He is a well-meaning fellow, as I have said so often in this House, and his intentions are good, but he just does not understand, Mr. Speaker, he tries his best, but the ranting and raving and shouting and bawling and arm waving, Mr. Speaker, does not do anything for the job that he occupies in this Province. Methinks, Mr. Speaker, that the hon. gentleman protested too much.

Now, Mr. Speaker, instead of the hon. gentleman standing in his place in this House and giving us an honest, fair statement -

MR. WARREN:

And a true one.

MR. NEARY:

- and a true one on the state of the economy and on the financial mess that the administration has gotten us into, you think he would have done that instead of trying to continue to play his little political game.

Mr. Speaker, the hon. the Premier has been wrong so often in the last three years that people of this Province are beginning to wonder when he is ever going to be right. He has been wrong continuously. If the hon. Premier is consistent in one thing it is for being wrong.

MR. SIMMS:  
the election?

What was wrong when he called

MR. NEARY:

Ah, Mr. Speaker, that is all the hon. gentleman is interested in, saving their political scalps -

Ah, Mr. Speaker, that is all

MR. CALLAN:

That is right.

MR. NEARY:

- saving their political hides.

MR. WARREN:

People do not forget.

MR. CALLAN:

People will not be conned again.

SOME HON. MEMBERS:

Oh, oh!

MR. NEARY:

Mr. Speaker, since the election, by the way, I might say for the benefit of the hon. gentleman, there has been no restraint. Spending has continued since the election. They have been spending, Mr. Speaker, like wildfire in this Province to try to pay for some of the election promises that they made, which is part of the reason we are in the trouble that we are in now in this Province. And they have been less than honest



MR. NEARY:

Mr. Speaker, they have been less than honest with the people of this Province. The hon. gentleman can get up and rant and roar and wave his arms all he wants about sending out signals to the people of this Province that we were headed for a horrendous deficit in current account, a monstrous deficit in current account.

I have the statements here on my desk, Mr. Speaker, and I have taken the statements home and I have read the statements, and I have read them in my office and I read them again today: Nowhere, nowhere in any of these statements did the hon. the Premier, or the hon. Minister of Finance (Dr. Collins) indicate that we were headed for a monstrous deficit in this Province.

MR. WARREN:

Right on. Right on.

MR. NEARY:

They made vague, broad, general statements about the economy. There was nothing specific. As a matter of fact, deficit was never mentioned in any of these statements.

MR. STAGG:

You would think you were going into an election, would you not?

MR. NEARY:

Well, that is one of the weaknesses the Premier has, he takes everything personal. He took the remarks today made by my colleague, the member for the Strait of Belle Isle (Mr. Roberts), as personal. Mr. Speaker, anybody who takes from the public treasury should realize that he is open for criticism.

Now when my hon. friend referred to Mount Scio House up there in the Garden of Eden, Mr. Speaker, that was not personal. You are talking about \$200,000 or \$300,000 of taxpayer money, you are talking about a rent-free house, you are talking about a Premier who is taking from the public treasury, and our duty and our responsibility on

MR. NEARY: this side of the House is to protect the public treasury against that kind of looting.

MR. TOBIN: What about the one on Roaches Line?

MR. NEARY: Yes, what about it? The hon. gentleman should go down in the registry office and research it and he will find that he does not know what he is talking about, that that house was built privately and turned over to the province, given to the Province for a gift.

MR. CARTER: And then destroyed. And then destroyed.

MR. MORGAN: And we maintain it.

MR. NEARY: The government does not maintain it. It is not maintained at the moment.

MR. MORGAN: Do we not do anything?

MR. NEARY: No, it does not. The government does not spend one red cent to maintain that house, not a cent.

MR. TOBIN: What happend to the chandelier downstairs?

MR. CALLAN: It must have fell on your head judging from your comments.

MR. NEARY: Mr. Speaker, if you could restrain hon. gentlemen on the other side.

MR. SPEAKER (AYLWARD): Order, please!

MR. NEARY: I am reminded, Mr. Speaker, when I look at hon. gentlemen of another quote from Shakespeare, "Where the bee sucks, there suck I." That is what hon. gentlemen remind me of now, Mr. Speaker.

MR. TOBIN: You should know. You served under the dictatorship.

MR. NEARY: "When the bee sucks there suck I".

MR. NEARY: Look at hon. gentlemen. Mr. Speaker, since the election they have continued to spend, they have continued to hire on platoons of party supporters, they have continued to pump out the propaganda via Newfoundland Information Services, they have continued to buy ads in newspapers, expensive, costly ads to carry out a propaganda campaign to carry them into the next federal election. Mr. Speaker, even though they knew back in July - so they told the Securities and Exchange Commission in the United States as far back as September in a prospectus that they sent down to the Securities and Exchange Commission - that because of the downturn in the economy there was going to be a short-fall in revenue on current account, yet they did not tell the people of this Province. Mr. Speaker, that is the unforgivable sin. That is why the Premier is smarting today and that is why he behaved in this House today the way he did. He knows, Mr. Speaker, the Premier knows better than anybody that he did not follow his own policy of being honest with the people of this Province, that he did not level with the people of this Province, that he had been less than truthful -

MR. CARTER: Are you calling him a liar?

MR. NEARY: - that he certainly did not tell the truth to the people of this Province, Mr. Speaker, and that is why he is hurting so much today, because neither the Premier nor the Minister of Finance (Dr. Collins) told the people in any of the statements they made that there was going to be a deficit in current account. There was no reference whatsoever to deficit, the word was not used.

Mr. Speaker, let me explode that myth about Ottawa. The hon. gentleman, Mr. Speaker, when he talks about having to repay \$25 million as a result of the census figures not being what Ottawa thought they were, what the hon. gentleman did not tell this House is that for the years 1981 and 1982 the Government of Canada forgave \$70.5 million.

MR. WARREN: How much?

MR. NEARY: \$70.5 million.

MR. CARTER: Tell the whole story. Tell the whole story.

MR. NEARY: The Government of Canada wrote off \$70.5 million. The Minister of Finance (Dr. Collins) knows that. But that is just a trifle!

MR. CARTER: On what?

MR. NEARY: Mr. Speaker, over the three years that the hon. gentleman is talking about, the overpayment to the Province was much more than \$25 million as the hon. gentleman knows, it was \$95 million.

MR. CARTER: On what? Do you know? Do you know?

MR. NEARY: Mr. Speaker, I will speak, if the hon. gentleman does not mind, I will make my speech. It was \$95 million and the Government of Canada wrote off \$70.5 million.

MR. CARTER: And tell them why.

MR. WARREN: And they never even told us that.

MR. S. NEARY: And the hon. gentleman did not think that that was worth mentioning in any of his statements so far - another example of where the government is not being truthful with this House and with the people of this Province, where they are being intellectually and political dishonest with the people of this Province. And, Mr. Speaker, the Premier and the administration will never be forgiven, they will never be believed again. Their credibility, as far as asking the people of this Province to believe what they say, is gone. It has been so severely damaged that the people of this Province will never believe what the Premier or the Minister of Finance (Dr. J. Collins) says in this Province again.

And, Mr. Speaker, let me also, while we are on the Ottawa situation, let me say this, and here is another very significant item that the Minister of Finance did not mention: The Minister of Finance knows that there will be a new estimate done in the third quarter. The Minister of Finance knows and the Premier knows that the equalization grants are going to be changed in the third quarter in favour of the Province, in favour of Newfoundland. The Minister of Finance knows that, but, Mr. Speaker, did the Minister of Finance have the courage to stand in this House and tell us that as a result of a review that will be done in the third quarter that Newfoundland will stand to get more revenue from the Government of Canada? No, Sir, he did not. No, he did not. Why did he not, Mr. Speaker? He was too ashamed. That is why he did not tell this House and tell the people of this Province, he was too ashamed.

MR. G. WARREN: Excellent point.

MR. J. CARTER: Nothing but abuse.

MR. NEARY: Mr. Speaker, members of this House

MR. S. NEARY: should know, if they do not know, that equalization payments to Newfoundland in the fiscal year we are talking about, 1982 - 1983, are expected to rise 20 per cent to \$515 million. Now, is that the impression that was left in this House by the Minister of Finance (Dr. J. Collins)

MR. G. WARREN: Or the Premier.

MR. NEARY: - or the Premier, that equalization grants were going to go up by 20 per cent, that we were going to get \$150 million more this year in equalization payments than we got last year?

Mr. Speaker, just in case hon. gentleman do not have the figures: Entitlements to Newfoundland under the established programmes financing arrangements - that is for Health and Education - are estimated at \$280 million, so the total federal transfers to Newfoundland for this fiscal year amount to over \$1.5 billion, several hundred million more than we received from the Government of Canada last year. Mr. Speaker, we will get as much in federal transfers from Ottawa this year as our whole budget, the total budget in this Province.

MR. NEARY:

Mr. Speaker, we can understand why the hon. the Premier is so emotionally upset today. We can understand why he is so beside himself. We can understand why he cannot look people straight in the eye. It is because he duped the people of this Province and fooled the people and did not tell the people the truth. And, Mr. Speaker, I would suspect that this did not start only in July of this year either. Mr. Speaker, the real issue in the last election was not the offshore, that was a phony issue. The real issue was that the administration could not bring down a budget. That was the real issue. Last year around this time they had a deficit of \$50 million or \$60 million. They never recovered from that deficit, Mr. Speaker, and they manipulated the figures when they brought a budget into this House to try to make themselves look good, that was designed for no other purpose than to fool the people of this Province.

So, Mr. Speaker, that is one reason for the mess we are in today, one reason why they got themselves boxed into a corner. But the other reason is this - and this is something we have not mentioned before, Mr. Speaker, we have been concentrating mainly on the cover-up aspect, on how they covered up the deficit and how they only announced it to the people when they were forced to. Mr. Speaker, the other part of it is this, that they have so badly mismanaged the economy of this Province, they have created such a bad industrial climate in this Province, they have created such a horrible investment climate in this Province that businesses are shutting down right, left and center, and moving to Halifax. And one of the big reasons for the drastic drop in revenue is because of a lack of agreement





MR. NEARY: and I would say that is not too far away. Mr. Speaker, that is one of the big reasons why we have a short fall in current account - no agreement on the offshore between this Province and the Government of Canada, no new ways to generate revenue. And I will forecast now the situation is going to get worse. If people think this year is bad, wait until next year.

Mr. Speaker, I have grave doubts now whether they are going to be able to balance the budget this year, that we will go into the new fiscal year with a deficit in current account. And just look at the effect that that will have on our credit rating and our borrowing in the money markets of the world, and more especially, Mr. Speaker, with the attitude of the Premier, his separatist attitude. Mr. Speaker, do you realize that Moody's and Standard and Poor's who set our credit rating in the United States, always base their thinking on the fact that we are a Province of Canada and that the Government of Canada will bail us out if we get in financial trouble? I was there, I talked to these officials and that is what they told us, Mr. Speaker. But now, Mr. Speaker, Standard and Poor's and Moody's and the moneylenders in the United States are getting very nervous about talks of a referendum in this Province, talks of separation in this Province.

MR. BAIRD: Fostered by Trudeau.

MR. NEARY: Mr. Speaker, the moneylenders are getting very nervous about this Province and about the Premier with his separatist overtones.

MR. WINDSOR: That is why they downgraded Nova Scotia and not us.

MR. NEARY: And in addition to that, Mr. Speaker, you have the Government of Canada financially strapped, in financial difficulty. And so for these two reasons, Mr. Speaker, I would say that we have to be very careful, we have

MR. NEARY: to be very, very careful in this Province that we do not trigger a financial catastrophe, a financial collapse of the Province.

MR. WINDSOR: Oh, my, oh, my!

MR. NEARY: Mr. Speaker, my initial reaction to the statement read by the Minister of Finance (Dr. Collins) in the House today was that the government must have had blinders on when they were looking around for ways to save money. Instead of bringing down the axe, Mr. Speaker, on things like the Big Mac tax that they have now put on meals under three dollars,

MR. NEARY: this is the hamburger tax now they have put on. If you take your children down to Big Mac now you have to pay the tax, before you did not have to pay the tax on a Big Mac. Now, Mr. Speaker, you will have to pay the tax on the Big Mac. This is the Big Mac tax. This is the equivalent of the chocolate bar tax, the Big Mac tax.

And, Mr. Speaker, instead of including clothing and footwear in the retail sales tax, and instead of making thirteen policy changes that will effect people on social assistance, instead of taking measures that will affect the school of medicine, Mr. Speaker, instead of doing these things -

SOME HON. MEMBERS: Oh, oh!

MR. NEARY: Mr. Speaker, could I have a little silence over there please?

MR. SPEAKER (Aylward): Order, please!

MR. NEARY: Mr. Speaker, they listened to the Opposition in one or two cases. They carried out our previous recommendation to cut out the executive jet service, and they cut out ministerial travel to the sunny South. Now that is what they did, Mr. Speaker. But they have not yet dropped, Mr. Speaker, and still refuse to drop their political appointments that they have been making in the last two years. They have put platoons of party supporters on the payroll, in made jobs, for salaries ranging anywhere from \$35,000 up. Mr. Speaker, as my colleague from the Strait of Belle Isle (Mr. Roberts) indicated, the hon. the Premier will still squat in splendour in his palace up there in the Garden of Eden.

MR. BAIRD: Every time he squats he will think of you.

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MR. NEARY:

Mr. Speaker, the government's political propoganda machine, Newfoundland Information Services, they have refused to drop that.

MR. NEARY: They refused to reduce the cost of a birthday party for Sir Humphrey Gilbert-\$500,000.

MR. WINDSOR: It will bring in more money.

MR. NEARY: Yes, it is going to bring in money alright. Mr. Speaker, how could you ever believe this crowd again when yesterday in this House they told us there would be no alcoholic beverages last night at that party? I am told there was over 500 bottles of wine dished out down there last night. No beer or no alcohol, but wine. Mr. Speaker, what about the parliamentary assistants and their staff that are totally unnecessary? But, Mr. Speaker, the most vicious bite of this particular axe job that was performed in this House today by the Minister of Finance (Dr. Collins) was laid upon the shoulders of ordinary people of this Province. Every man, woman, and child in this Province will be affected by that regressive one percent increase on the provincial sales tax. Mr. Speaker, I will say that the people who will be hit with this one percent increase in the sales tax will be reeling tonight under the crushing impact of this tax. And this is the kind of reward, Mr. Speaker, that the people of this Province get from the man that they gave such a mandate to on April 6th, the man that they gave 44 seats to on April 6th to administer the affairs of this Province. Revenue, Mr. Speaker, is what they say they needed more of. Well, why did they not tax the Labrador power going out from Churchill Falls across Labrador, a right that was given to the people of this Province under

MR. NEARY: the new constitution? And why did they not raise the taxes on the minerals and pulp and paper exports out of this Province? Mr. Speaker, almost every household in this Province will be paying more for footwear and clothing, especially now at the season of the year when they are out buying gifts for their friends and relatives and neighbours. Mr. Speaker, Christmas would have been tough enough this year anyway. How easy, Mr. Speaker, did members think that Christmas was going to be anyway for Newfoundland families? Almost every family in this Province gives clothing, footwear as gifts and many times these gifts are given to the needy. Christmas would not have been easy for them in any case but now, Mr. Speaker, for many the Peckford grinch and his Peckford pinch will make it a lot harder for these people.

MR. HODDER: And Uncle Scrouge.

MR. NEARY: They should call this

MR. NEARY: the Peckford pinch because that is what it is. A Premier who is totally responsible for abuse and mismanagement of the affairs of this Province, the financial affairs and the political affairs and the economic affairs of this Province, is now trying to hack out a pound of flesh out of every Newfoundlander to pay for his mismanagement and his abuse, his castle, his private dining room, his political advertising and so forth and so on. Mr. Speaker, this document that was read in the House today saddens me. I had actually believed the Premier and I had actually believed the administration when they told us that they were going to come clean and that they were going to act honestly and fairly and equitably with the people of this Province. And now, Mr. Speaker, I see that I was wrong, the Opposition sees that they were wrong, and I am sure that, before the night is over, the people of Newfoundland and Labrador will see too that they were dead wrong.

SOME HON. MEMBERS: Hear, hear!

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

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: I will start off, Mr. Speaker, by saying that I am some proud to be Minister of Social Services on this particular day. My reason for that, Mr. Speaker, is because if there was ever a demonstration by a government of how that government feels towards the poor and the less fortunate citizens it can be found in this document.

Mr. Speaker, hon. gentlemen opposite have had a great to-do about some restrictions in social services. I totalled up the amount, \$865,000. You double that because it is cost shared and you get \$1,730,000 and you relate that, Mr. Speaker, to a budget of \$163 million. Now, if anyone, Mr. Speaker, can say that this government attempts to balance its budget on the backs of the poor, then certainly that must be the new math because the facts certainly do not indicate that. Not only that, Mr. Speaker,

MR. HICKEY: but the few changes by way of revenue  
increases -

MR. CALLAN: Social assistance will be suspended -

MR. HICKEY: Mr. Speaker, can I have silence?

MR. SPEAKER (AYLWARD): Order, please!

MR. HICKEY: I will deal with the hon. gentleman  
and I will tell him what the value of the private  
elevator is.



MR. HICKEY: As a matter of fact, Mr. Speaker, if it can be shown that by cutting down or closing down the private elevator we can save \$375,000, I am sure the administration would agree to increase social assistance by a similar amount.

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: But, Mr. Speaker, let us just look at the changes by way of revenue raising and revenue increases. What about the children of the Province? Are they hurt? Are they hurt, Mr. Speaker, by any of the revenue changes? The answer is no. Little children of the Province are protected again by this government.

MR. HODDER: That is so simple-minded -

MR. HICKEY: Mr. Speaker, can I have the hon. gentleman for Port au Port (Mr. Hodder) to put a button on his mouth for a little while.

Mr. Speaker, on second thought maybe I will help the hon. gentleman be quiet by telling the House and by taking the House through a little bit of a record by way of increases and decreases in welfare over the years.

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: Let us go back, Mr. Speaker, to 1946, and that was not yesterday, and let us just take a family, a man, his wife, and three children. Now, Mr. Speaker, let us just keep that in mind, a man and his wife and three children or, in other words, a family of five. In 1946 they got \$25.

MR. TOBIN: Let them eat cake.

MR. HODDER: That is your premise.

MR. HICKEY: And then came Confederation, Mr. Speaker, Confederation, and the first government a Liberal Government. Did they increase that? No.

MR. SIMMS: They must have.

MR. HICKEY: 1949. Did they increase it in 1950?  
No. 1951? No. 1952? 1952, Mr. Speaker, what did they do  
in 1952? Increase it? No. They abolished welfare for  
able-bodied people. Abolished it, wiped it out completely!

MR. DAWE: Not Liberals!

MR. HICKEY: Yes, the Liberal Government.

MR. DAWE: Oh, no! Never!

MR. HICKEY: Yes.

SOME HON. MEMBERS: Oh, oh!

MR. HICKEY: 1953 - now I believe there was  
an election sometime around this point - in 1953

MR. HICKEY: what did they do? Oh, they put it back.

MR. MORGAN: Oh, election year.

MR. HICKEY: In 1957 they got real generous, Mr. Speaker, and for that same size of family they jacked it up to \$35. In 1958 they got generous again, and they increased it to \$54 for that family of five. In 1966, now Mr. Speaker, we all know what happened in 1966 because that was the year I walked in the House, elected for the first time, an election year.

MR. YOUNG: Come Home Year.

MR. HICKEY: Yes, what did they do then, Mr. Speaker? They increased it to the handsome sum of \$75. But that was not enough, Mr. Speaker, because an election was getting closer so they jacked it up again from \$75 to \$100. And then, Mr. Speaker, they increased it to \$125 to pretend as though they were keeping their election promise.

MR. BAIRD: When was that? When was that?

MR. HICKEY: That was in 1967. Now, Mr. Speaker, in 1968 -

MR. BAIRD: Mr. Neary must have been around then.

MR. HICKEY: - in 1968, having been given their mandate of thirty-nine members to three, what did they do? In return for that they decreased social assistance from \$125 for that same family down to \$95.

MR. BAIRD: Who was the minister then who was so generous?

MR. HICKEY: 1968? I believe, Mr. Speaker, that might have been the member for the Strait of Belle Isle (Mr. Roberts). Mr. Speaker, in 1969 the present Leader of the Opposition was minister and they reduced assistance for that same size family, for the sick, the temporary sick, or what we call the casual sick, somebody who is going to be out of work because

MR. HICKEY: of illness for six months,  
and they reduced assistance, Mr. Speaker, for that same  
family to \$95.

MR. WINDSOR: On Bell Island too?

MR. HICKEY: Yes. Yes.

But now, Mr. Speaker, let  
us go on to 1971. 1971, of course we all know, that was  
an election year. They increased it. And the hon. Leader  
of the Opposition (Mr. Neary) was minister.

MR. NEARY: What did you do in the  
last election?

MR. HICKEY: We are getting to that. We  
are getting to that.

In 1971, Mr. Speaker, they  
increased it back to \$125 to where it was before. And then,  
Mr. Speaker, the people of the Province made their wise  
decision and elected a different government.

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: In 1974, Mr. Speaker, what  
did the first Tory Government do? Increased the rates by

MR. HICKEY: 88 per cent, from \$130, Mr. Speaker, for that same family of five, to \$245.

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: And, Mr. Speaker, in 1975 we increased by a further 12.7 per cent; in 1976 by 10 per cent; in 1977, 6 per cent; in 1978, 5 per cent; in 1979, Mr. Speaker, by 7 per cent. And then came this administration. And what have we done since then, Mr. Spekaer? We have attempted since then to keep welfare rates increased each year as close as we could get them to the increase in the cost of living by giving a 10 per cent increase each and every year -

SOME HON. MEMBERS: Hear, hear!

MR. HICKEY: - when we could ill afford it, Mr. Speaker.

MR. WINDSOR: What does a family of five get now?

MR. HICKEY: A family of five right now, Mr. Speaker, gets \$476.

MR. WINDSOR: From \$125 to \$476 in ten years.

MR. HICKEY: That is right. Now, Mr. Speaker, this is the government that we hear tell of about wanting to balance the budget on the backs of the poor. By whose standard and by whose calculation, Mr. Speaker, would anyone draw that conclusion?

Mr. Speaker, it can be truly said that this government in fact did everything to find money from any source before even touching the Department of Social Services. Now, Mr. Speaker, we also hear about this deficit and nobody knowing anything about it until the eleventh hour, so to speak. How wrong, Mr. Speaker, can that be! Let us take, for example, another classic example of where this government is in relation to the low income people and the poor people in the Province. A department with a budget of \$163 million facing a potential \$6 million deficit and still, Mr. Speaker, even though a deficit is guaranteed right within

MR. HICKEY:                   that department, the government does not even attempt in any way, shape or form to wipe out even that deficit within the department for the simple reason to do so would hurt the people who can least afford to be hurt. And that is what this administration, Mr. Speaker, is all about.

Mr. Speaker, we also heard about the changes, thirteen changes. Faced with a deficit of approximately \$6 million and knowing, Mr. Speaker, because there were signs, several signs, to indicate that there might be a short-fall in revenue, that there might be some difficulty, to what extent nobody knew, faced with that, Mr. Speaker, I set out as minister to see if there were some areas where indeed we could take some corrective action.

MR. HICKEY: We did that, Mr. Speaker, and that and that only is what is reflected here in the social assistance programme today. And even those thirteen changes, Mr. Speaker, three of those are wiped out completely after that one month trial, and all of the others have the qualifying statement to them that wherever there are extenuating circumstances and real need established that, notwithstanding those changes, assistance will be forthcoming at the decision of the regional director throughout this Province. So, Mr. Speaker, how can anyone really say that this government in any way, shape or form hurt the poor people or the people who can least afford to pay? The answer, Mr. Speaker, is very simple: We certainly have not. We have tried very, very hard to find whatever money we could to deal with the very serious situation, and at least to spread it throughout the system and cut the things that we could cut in terms of travel and equipment and all sorts of things of this nature. Then we started to cut programmes. But, Mr. Speaker, when it came to the programmes again which were hitting the poor people, precious little cuts were made.

So, Mr. Speaker, that is why I say that I can be proud as Minister of Social Services to be part of an administration that places its priorities in the right place, that acknowledges and realizes the most important resource of all, the human resource, and who acknowledges further that the people who can ill afford to pay will be protected, and indeed they are protected in this document today.

Mr. Speaker, the Leader of the Opposition (Mr. Neary) made some reference about our financial consultants and said that they based their predictions on this Province in relation to it being a province of Canada. What would he expect them to do it on, that we would be some part of Outer Mongolia or somewhere like that? I mean, what other basis were they to do it on? And, Mr. Speaker, further to that, it has been

MR. HICKEY: clearly shown that the only basis for our putting a budget together relies very heavily on the facts and projections and the figures that come from the federal government and they have been wrong and they so acknowledge. But yet, Mr. Speaker, when you sit in this House you hear somebody saying, 'Oh, we should have known or we did know and we did not tell the public'. Mr. Speaker, that is nonsense.

Hon. gentlemen opposite made reference to unmarried mothers. There are no changes, Mr. Speaker, made with regards to assistance to unmarried mothers anymore than there was before, except that where there are cases where assistance and the resources of the family can be provided, then they are expected to provide them. Is there something wrong with that? I also



MR. T. HICKEY: There was also a statement made, Mr. Speaker, about the thirty-five dollar assessment on somebody living with a family who is on social assistance and the term 'a person unemployed living with a welfare recipient.' Mr. Speaker, that is inaccurate, that is not correct at all. There is in fact a policy where incomes of single sons and daughters is assessed. Mr. Speaker, even when that is assessed and the thirty-five dollars is taken into account, that family does not go below standard social assistance. That family is no worse off than the family across the street that do not have a single son or daughter working or living in the home. So, Mr. Speaker, again, that treatment is equitable treatment. It is based on the premise that we do not go below the standard level of social assistance. Mr. Speaker, hon. gentlemen opposite can say what they like and I would suggest too, Mr. Speaker, that when they are going to release information, such as the Leader of the Opposition (Mr. S. Neary) when he released a He called a press conference and there was a big to-do about Circular 53/82. I might say, Mr. Speaker, I found it very ironic that after this bleeding heart from CBC released that document in the middle of an interview and did not have the courtesy to give me that document or show me the document or even the mention the document prior to the interview but surfaced it in the middle of the interview, within fifteen minutes of that, Mr. Speaker, something strange happened in my office.

MR. W. CALLAN: What was it?

MR. HICKEY: What was it? My secretary got a call from the Leader of the Opposition. Did she ask for the changes in social assistance? No. What did she ask for, Mr. Speaker? She asked for a copy of Circular 5382. Now the only one who knew that those changes were contained

MR. T. HICKEY: in 53/82 -outside of the department  
up to that time - was Miss White from CBC and, of course,  
the Leader of the Opposition (Mr. S. Neary). Well, Mr. Speaker,  
I complied with the hon. gentleman's request, thinking for  
sure that if he was going to say anything public, which would  
not have surprised me - I acknowledge his position as -

MR. HICKEY:

Leader of the Opposition -- and it did not surprise me at all that he was going to make a statement, but I thought, Mr. Speaker, that he would have made the full statement. I thought he would have made the full disclosure. I thought, for example, in releasing Circular 5/82 he would have added to it that he had received a letter from me giving assurances that those changes were for thirty days exploratory, experimental only.

MR. TOBIN:

Why did he not say that?

MR. HICKEY:

Oh, because there would not have been any Brownie points there, Mr. Speaker. Because there would not have been any basis for him releasing Circular 53/82. So he conveniently left out the fact that I had written that letter and released the circular--and created havoc in the minds of a lot of welfare recipients who did not know whether they were going to be cut or they were not going to be cut, how much they were going to be cut or anything else.

Mr. Speaker, when people of the Province want to wonder and question in their minds who really cares about the poor in this Province, I would suggest to you that they will not resort to the Liberal Party, and they certainly will not resort to the Leader of the Opposition (Mr. Neary) when in fact he will not level with them and give them all the information. Mr. Speaker, the fact of the matter is that there has been precious little cut.

I heard on the radio, all over the place and in the paper about the cuts in hospitals, Mr. Speaker.

SOME HON. MEMBERS:

Oh, oh!

AN HON. MEMBER:

Who was the minister before you?

MR. HICKEY:

Well, Mr. Speaker, I certainly was not minister until 1972.

MR. CARTER:

Who was the minister before you?

Who was the Minister of Welfare before you?

MR. HICKEY:

Mr. Speaker, let bygones be bygones. It serves no useful purpose, Mr. Speaker, to get into it. We all know.

MR. CALLAN: You are a bygone, are you not?

MR. HICKEY: Is that right? I am a bygone?  
I can tell the hon. gentleman if he wants to know what kind of a bygone I am, why does he not come down in my district, my friend, why do you not come down in my district so that we can bury you? And not only that but, Mr. Speaker, we will even provide the flowers.

MR. SPEAKER (RUSSELL): Order, please!

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. HICKEY: You know, my constituents would be so delighted they would even buy the flowers.

MR. SPEAKER: Order, please!

MR. HICKEY: Mr. Speaker, let me conclude by saying that I restate what I started off with. I have no reason other than to be very, very proud to be a Minister of Social Services in this government and in this Province because we have acknowledged, as we have always acknowledged, that the poor will be protected and are protected and will be looked after, those people who can least afford to bear any burden - that is exactly the policy of this government. And, Mr. Speaker, anyone who wants to take this document and go through it will find this throughout. We have applied

MR. HICKEY: changes, we have applied savings and whatever we have done by way of revenue it is on the people who can afford to contribute, who will contribute and, I suggest, who will support the government in their measures in an effort to keep this Province on a stable, financial plane.

SOME HON. MEMBERS: Hear, hear!

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

SOME HON. MEMBERS: Hear, hear!

MR. LUSH: Mr. Speaker, at this point in time I also want it to be noted and recorded that I also spoke in this debate.

MR. BAIRD: At this point in time, Do you mean now?

MR. LUSH: Yes, at this hour, at 5:50 p.m. Mr. Speaker, there are some documents one has to read to get their significance and to get their impact. Significantly enough one does not have to read this document. The symbolism of it tells one what it is all about. I do not know whether the designers of the cover were aware of it, but of course we can see that it is all blue, Tory blue, Mr. Speaker. And for the benefit of hon. members, let me give you some definitions of blue. First of all we go to the field of music and we find out, Mr. Speaker, that it is a type of negro music characterized by minor harmonies, typically slow tempo and melancholy and sad words.

MR. NEARY: Like a funeral.

MR. LUSH: That is right, that is the musical interpretation. Then, Mr. Speaker, it also means indecent. It means risque which means, Mr. Speaker - I am sure the hon. Minister of Justice (Mr. Ottenheimer) knows what the meaning of risque is - Mr. Speaker, it is being improper or approaching indecent, suggestive. Then, Mr. Speaker, a third meaning is depressed or depressing. And we get that from the song, of course, "It Will Be A Blue Blue

MR. LUSH: Christmas", Mr. Speaker. It will be a blue, blue Christmas, and that is what this document symbolizes. The Tory blue, Mr. Speaker, symbolizes what is on the inside of the cover. Depressing, almost indecent, sad, melancholy, that is the type of news that we are giving our people today. So, Mr. Speaker, the symbolism of blue is quite a propos. Now, Mr. Speaker, the Minister of Social Services talked about the increases in welfare

MR. LUSH: benefits, in benefits to people receiving social assistance. Well, I would like to talk about some more increases that this government have levied on the people of this Province, starting with the 12 per cent sales tax today, the 12 per cent retail sales tax today, Mr. Speaker. What is that going to mean to the people of this Province? What is that going to mean to the average family, let us say, the family of four? What is that going to mean to them over the next year, 12 per cent? I would suggest, Mr. Speaker, it is going to mean a fantastic amount, particularly since we now included clothing. Clothing, Mr. Speaker, at the most difficult time, at a time when it is going to hit the people the hardest, right in the Fall when they are buying Winter clothing, when people are doing Christmas shopping. Mr. Speaker, this is going to have a devastating blow on the people of this Province, particularly the people on low incomes and fixed incomes. It is going to be a devastating blow to these people. And, Mr. Speaker, it is a permanent thing that is in place. I have not known in the history of this Province where we have levied a percentage in sales tax and saw it being reduced.

So, Mr. Speaker, the people of this Province have to look at 12 per cent, the highest in Canada. And it is going to be a devastating blow to the people of this Province. And, Mr. Speaker, everything is taxable now at five cents. I expect it starts with a box of matches because a box of matches, as far as I understand, costs about five cents. And, of course, that is where it has got to start because it goes over a half cent. So we will be starting at items beginning with five cents. Now, Mr. Speaker, what can one purchase today for five cents?

MR. CALLAN: A box of matches.

MR. LUSH: That is about it, a box of matches. We talk about the Big Macs. It is going to be starting with a box of matches. So everything at five cents is going to be taxable. So we are talking about candy. I suppose there is candy today





MR. LUSH: that this government have brought in, the increase in retail sales tax itself, I think, since this government have come into power in 1972 probably reaches somewhere close to 250 per cent, the increase in retail sales tax.

So, Mr. Speaker, we can talk about the increases and know how this government have burdened and frustrated the people of this Province, the people on low incomes, the people on fixed incomes. Now, Mr. Speaker, we can blame who we like and what we like. We can try and blame the federal government. We can blame the fact that we did not get the expected revenues to come into this Province. We can do all of the blaming we like but the fact of the matter is, Mr. Speaker, that this provincial government - and I have said before, Mr. Speaker, when I laugh that is the most angry time I am. I have said that before. And when I am not laughing, that is when I am happy. But, Mr. Speaker, we can lay all the blame, we can try and shift the blame where we like but the fact of the matter is that this government, though we get elected on a one issue thing as was the last election, the sad part about it, Mr. Speaker, is that when we become the government we are responsible for governing the Province, we are responsible for governing and administering this Province. We can now see, Mr. Speaker, the truth is out, we can now see why that election was called when it was, on the phony issue of the offshore. But, Mr. Speaker, let the government try and shift the blame, let them try and blame the federal government, let them try to blame it on the fact that they were not able to measure the income and the revenues, let them do that, but the fact of the matter is that this government, Mr. Speaker, are the fiscal managers of this Province. They are the fiscal managers of this Province.

SOME HON. MEMBERS: Hear, hear!

MR. LUSH: And let them not forget it, Mr. Speaker, they are to manage the fiscal policy of this Province.

MR. LUSH: And we can now see, Mr. Speaker, the poor job that they have done. We can see the poor job that they have done, Mr. Speaker, burdening the poor of this Province, the people who are least able to pay the price. That is what they have done, Mr. Speaker. And that is why this day is going to be a sad day for the people of Newfoundland. The chicken, Mr. Speaker, have come home to roost and the people of Newfoundland will see that when they hear the unfortunate and devastating news this evening. Thank you, Mr. Speaker. I wish I could adjourn the debate and pick it up tomorrow, but I cannot do that. But I will do whatever is appropriate to do at this hour.

SOME HON. MEMBERS: Hear, hear!

MR. HODDER: A point of order. Could I just inquire from the acting House Leader (Mr. Ottenheimer) what legislation we will be dealing with tomorrow?

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

MR. OTTENHEIMER: Right. I would inform the hon. gentleman that we will start off with the four remaining Justice bills, dealing with Contributory Negligence, Conveyancing, the Prisons Act and the United Church Act. And then the Gander Development Corporation Act, the Bay St. George Community College Act, Livestock Act, the Newfoundland Geographical Names Board Act. They are the ones that I have indicated.

MR. HODDER: You are so sure.

MR. OTTENHEIMER: Yes.

Mr. Speaker, I move that the House adjourn until tomorrow at 10:00 a.m.

On motion, the House at its rising adjourned until tomorrow, Friday, at 10:00 a.m.