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TRANSCRIPT

HOUSE OF ASSEMBLY

FOR THE PERIOD:

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

TUESDAY, DECEMBER 20, 1983

The House met at 3:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER (Russell): Order, please!

STATEMENTS BY MINISTERS

MR. SPEAKER: The hon. the Premier.

SOME HON. MEMBERS: Hear, hear.

PREMIER PECKFORD: Mr. Speaker, on December 9th I copied by telex a large number of persons and organizations on a telex I had sent the day before to the Prime Minister. My telex to the Prime Minister was with respect to the 1984 groundfish harvesting management plan. In that telex I indicated that "the issuance of enterprise allocations from our Northern cod to independent trawler owners located in the other Eastern provinces is of major concern." I stated that these allocations left us "much concerned about the fish needs of the new Newfoundland offshore company and the strong possibility that under the proposed harvesting plan there will not be enough fish in the offshore quota to keep various plants operating on a full-time basis."

It must also be realized that many communities not affected by the new Newfoundland offshore company but who depend on the resource-short plant programme are affected here as well. With more and more harvesters in on the Canadian offshore quota, there will be less and less fish for those Newfoundland communities who need and deserve it most.

When I copied various persons and organizations on my telex to the Prime Minister, I asked them for their support of the Newfoundland position. To date, I have received expressions of support from the following: Lloyd Hillyard, the mayor of the town of Burgeo; Mr. A. Best, President, Independent Fish Producers Association of Newfoundland and Labrador; Mr. William Lockyer, Mayor of

PREMIER PECKFORD: the town of Lawn; Mr. George Doyle, Mayor, town of St. Lawrence; Mr. Joseph Price, Mayor, town of Fortune and President of the Joint Town Councils of the Burin Peninsula; Mr. Art Reid, President, Newfoundland and Labrador Federation of Municipalities; Mr. Wayne Baggs, Mayor, town of Gaultois, Mr. T. Maxwell Snook, Mayor of Grand Bank; Mr. F.J. Little, Mayor of the town of Bonavista; Mr. Sandy Payne, Mayor, town of Ramea; Mr. Lou Bailey, Mayor, town of Burin; Mr. Jerome Walsh, Mayor, town of Marystown; Town Council of Trepassey; the Joint Councils of the Bonavista Peninsula; the hon. John Crosbie and the hon. James McGrath.

SOME HON. MEMBERS: Hear, hear.

PREMIER PECKFORD: Included

PREMIER PECKFORD: in the group copied, but noticeable by their absence among the supporting respondents, are Newfoundland's federal Liberal MPs. MP Brian Tobin replied indicating only that he would not take a position on the matter at this time.

SOME HON. MEMBERS: Oh, oh!

PREMIER PECKFORD: The other Liberal MPs have not replied at all.

MR. SPEAKER (Russell): Order, please!

PREMIER PECKFORD: On Wednesday, December 14th, Newfoundland's members of the House of Assembly passed a unanimous resolution deploring the 1984 groundfish management plan with its attendant erosion of Newfoundland's share of the offshore quota. I must say that I find the silence from our government MPs very disturbing, so much so that I wired the five of them again on Friday past re-emphasizing the need for their support.

The news is ever full of how MPs from Nova Scotia and other Maritime provinces are looking out for the fishing interests in their constituencies. The fact that Newfoundland has only five government MPs should make their efforts even more forthright and vocal. Yet, on this, as we have gotten on many other issues, all we get is silence.

The Northern cod is the lifeblood of the Newfoundland fishery. The seasonal inshore fishery depends on the stock's migrations, and the seasonal plants depend on the stock's resource-short plant programme. The new Newfoundland offshore company depends for its success on getting a large enough share of the Canadian offshore quota. It is bad

PREMIER PECKFORD: enough that Mainland companies have been in on the Northern cod quota all along; it gets even more disturbing when the number of these Mainland companies is significantly increased. It is therefore imperative that Newfoundland as a society act united on this issue if we are to put a stop to the continuing erosion of our offshore cod quota. Many of our local organizations have done their part, and the members of the Opposition as well, and this hon. House has done its part, on both sides, and for that we thank the Leader of the Opposition (Mr. Neary) and the members opposite. I again call upon our federal MPs to do theirs. After all, how can we expect the Prime Minister to heed our pleas if members of his own caucus are deaf to them?

Finally, Mr. Speaker, it is bad enough that we have to oppose the federal government in allocating a cod quota to other Eastern provinces, but matters are made even worse when we have to once again stand by and watch the federal government re-confirm its long-term agreement (1984-1987) with the EEC which involves more Northern cod, 9500 tons each year to be exact, and an additional 6500 tons from the 2GH region, coupled with 7000 tons of squid.

We have opposed this agreement from the very beginning because there does not exist, Mr. Speaker, any surplus fish for the EEC nations, just as there does not exist any surplus fish for other Canadian provinces. Newfoundland

PREMIER PECKFORD: can process all this fish and more. Secondly, we have never agreed with the federal government's practice of trading off - now this is very important - trading off a raw resource to obtain access to markets, in other words, to trade fish against fish. Markets for our fish should be obtained through the total Canadian marketing effort, and I have never understood why fish must be the only commodity that should be traded off against itself.

SOME HON. MEMBERS: Hear, hear!

PREMIER PECKFORD: Moreover, how can it be explained that the federal government is renewing its commitment to this long-term fisheries agreement with the EEC at the very time when the EEC has placed a ban on the import of our seal pelts? Mr. Speaker, this agreement has all the ingredients of a cruel joke. In any event, the experience of last year has demonstrated how ineffective agreements of this nature really are in terms of providing market access for our fish products and I am not convinced that anything will change now.

Still, Mr. Speaker, if we continue to get the kind of representation we are getting from our federal Liberal MPs, there is every likelihood that Newfoundlanders will continue to be forced to 'hold their noses' while the federal government takes away an essential part of our livelihood.

Thank you very much.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Mr. Speaker.

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

MR. NEARY: Mr. Speaker, I believe everyone is aware of the Liberal Party position on the Northern

MR. NEARY: cod stock. Even though we are told by the federal Deputy Minister of Oceans and Fisheries that 85 per cent of the Northern cod stock is processed here in Newfoundland, we on this side of the House are still not satisfied.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: We think that the total allowable catch of the Northern cod stock should be processed here in Newfoundland and Labrador.

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: Now, having made that statement, Mr. Speaker, I have to point out to hon. gentlemen there opposite, and anybody who may be listening

MR. NEARY:

to me, that it would be an oversimplification of the problem to state that we are going to achieve that objective in a very short time. And it would be an oversimplification also to talk about the European Common Market agreement that was just made that will allow a quota of fish to be caught in Atlantic Canada and in return that Newfoundland fish, Canadian fish, would have access to the European Common Market and it would not have to be processed in these markets. To play that down would be an oversimplification and to just dismiss it forthright is something that has to be looked at very carefully.

Now, Mr. Speaker, let me say this to the hon. gentleman who just read the Ministerial Statement. Last week we unanimously agreed on a resolution to be forwarded to the Government of Canada from this House. I regret very much that the hon. gentleman has now stooped to the level of playing political games and political trickery with this matter. What I will do now, Mr. Speaker, to show how genuine and sincere we are, I will not indulge in the political games that the hon. gentleman just played; I will invite the hon. gentleman to join with me, or I join with him, whichever way he wants it, and we will both travel to Ottawa and, if necessary, meet the Prime Minister, certainly we will meet the federal Minister of Fisheries (Mr. De Bane). Let us go up to Ottawa, both of us together, Mr. Speaker, and instead of playing political games sit down and try to talk this matter out with the federal government. Now that would be the sensible and common-sense thing to do, never mind just making political statements and issuing press releases and calling upon members. I have got a letter here where the hon. the Premier says, 'I do not know how many caucus members have issued press releases on this matter, but it would

MR. NEARY: seem to me to be important for members to publicize this issue in their own districts through the local papers and radio stations covering their area.' A memo from the Premier's office sent out yesterday, I believe it was. Now, Mr. Speaker, playing politics with this issue is not going to get us anywhere so let us get down to brass tacks. The hon. gentleman and I can talk about it, if he likes we can get together and we can determine the time that we can arrange meetings in Ottawa, we will both travel to Ottawa and put our cards on the table with the Prime Minister or with the Government of Canada. Now that is the only sensible way to approach it, Mr. Speaker. Now if the hon. gentleman does not do that we can only assume then that he just wants to continue fed bashing, he wants to continue playing politics with the Liberal MPs from Newfoundland and he is not interested in getting this matter resolved.

MR. NEARY: I throw that suggestion out for what it is worth and I invite the hon. gentleman to give it serious consideration.

SOME HON. MEMBERS: Hear, hear!

ORAL QUESTIONS

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

MR. NEARY: Mr. Speaker, there a couple of weeks ago the Minister responsible for energy in this Province made an announcement in this House that in my opinion was immoral, to say the least, when he stated that there would be no increase in electricity rates this year. Now we are told that the Newfoundland Light and Power Company will be making an application in the early New Year for a substantial in electricity rates. Now, would the hon. gentleman get up and apologize to the people of this Province for misleading the consumers of electricity in this Province, for leading them to believe that there would be no increases in electricity rates this year? Would the hon. gentleman apologize to the people for making that misleading statement?

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

MR. MARSHALL: Mr. Speaker, how one can twist words! The statement which was made in this hon. House, which I made and which still stands, is that there would be no application by Newfoundland and Labrador Hydro in the ensuing year for an increase in the rates. The application that is now being made is being made by Newfoundland Light and Power Company, which is a private utility. The fact of the matter is, Mr. Speaker, that they are making it before a Public Utilities Board which this administration has supported and is strengthening, and has strengthened in the past, so that there can be a full

MR. MARSHALL: and complete examination of the books of the applicant company, Newfoundland Light and Power Company, so that they can pass on the reasonableness or otherwise, accept or reject the application.

What is happening is, in summary, what I said was exactly correct, there is no, and there will be no applications by Newfoundland and Labrador Hydro; the application is by the Newfoundland Light and Power Company and that application will be examined by the Public Utilities Commission.

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

MR. NEARY: Mr. Speaker, what the hon. gentleman did there a couple of weeks ago was obscene, in my opinion; the hon. gentleman misled the people of this Province.

Now, let me ask the hon. gentleman, if the administration are genuine and sincere in wanting to see that there is no increase in electricity rates in this Province, will the administration consider placing a freeze on increases in electricity rates in this Province for the next year or so?

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

MR. MARSHALL: Mr. Speaker, we would like to be able to place a freeze on the increase in prices of every commodity in this Province, including electricity, if we possibly could, but we cannot control escalation in prices as a result of inflation and other factors. All I can say is that the government has provided a mechanism for examination of the application by the Public Utilities Board and that will be scrutinized by the board very, very carefully and it will determine whether or not an increase is given.

MR. NEARY: Supplementary, Mr. Speaker.

MR. SPEAKER: Supplementary, the hon. Leader of the Opposition.

MR. NEARY: Mr. Speaker, the only way that they have strengthened the board recently was they put one of their party heelers on the board. Now that is poor consolation to the consumers of electricity in this Province.

Mr. Speaker, would the hon. gentleman indicate if any consideration has been given or will be given to freezing electricity rates in this Province for the next three years say?

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

MR. MARSHALL: Mr. Speaker, the Government of Nova Scotia did that a few years ago and what happened to the Government of Nova Scotia was it lost its credit rating. I think its credit rating came down two notches as a result of it. If there is an increase, the cost - let us put it this way - of providing electrical services has to be paid by the public. Aside from the provisions made by the government in connection with the Power Distribution Districts in certain rural areas, the principle that we have applied here is it is paid by the user. And, you know, that is the present position of the government. What the hon. gentleman is advocating

MR. MARSHALL: is a road to sure disaster. Look, we might even be prepared to consider freezing rates sometime in the future if we could get the rights to our resources and the hon. gentleman would support us in such matters as the offshore and that. But in the meantime, the present position of this Province is that it is strapped, we are managing this Province and attending to its demands despite the limited resources available. And the Minister of Finance (Dr. Collins) and the government are doing an excellent job; it has kept its credit rating and it has kept its credit rating because of policies like I have indicated in my answer to the hon. gentleman.

MR. NEARY: Supplementary, Mr. Speaker.

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

MR. NEARY: Mr. Speaker, of course the hon. gentleman is aware that the Newfoundland Light and Power Company is recording record profits in the current year, in the past twelve months. Because we own the electricity, because every kilowatt of electricity that is generated in this Province belongs to the people of this Province, would the hon. gentleman indicate to the House - and that move was made by a Liberal administration when we took over the generating of electricity in this Province; otherwise, the hon. gentleman would not have Newfoundland Hydro - would the hon. gentleman indicate to the House if any consideration has been given to provincializing the Newfoundland Light and Power Company? We own the electricity, we generate it and then we give it to a middleman to distribute to consumers and make record profits off the electricity that the people own. Would the hon. gentleman indicate if any consideration has been given to provincializing Newfoundland Light and Power Company, taking it over, not only the generating of electricity but the distribution of it?

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

MR. MARSHALL: Mr. Speaker, my understanding is that the only generators that the hon. gentleman assisted when they were in power were the generators in the Province of Quebec, the fiasco in the Upper Churchill. The hon. gentleman is not accurate in his facts. He must recognize that Newfoundland Light and Power itself generates a certain amount of electricity.

The answer to the question is the hon. gentleman is inviting us to spend hundreds of millions of dollars which we do not have at the present time, and even if we had it we would then have to weigh

MR. MARSHALL: the wisdom of a completely government-owned system in this Province for the provision of retailing electricity to consumers. So the answer to the hon. gentleman is no, we do not have the money at the present time and, even if we did have the money, we would not necessarily employ it for that purpose.

MR. WARREN:

Mr. Speaker.

MR. SPEAKER (Russell):

Mountains.

The hon. the member for Torngat

MR. WARREN:

Mr. Speaker, I have a question for the Minister of Finance (Dr. Collins) if he is in the back somewhere; if not I will ask it to the Premier.

Some time ago the Province of Quebec announced through the Minister of Finance that they were going to make a reduction on the tax at the gas pumps per litre, I believe it was something like five or six cents per litre at the pumps, and I understand that this reduction has done wonders in the Province of Quebec. Apparently it has boosted the economy considerably. With this in view - I am asking the question to the Premier but if the Minister of Finance wishes to answer he can - is this government planning to follow a similar trend as the Province of Quebec did about a month ago?

MR. SPEAKER:

Finance.

The hon. the Minister of

DR. COLLINS:

Mr. Speaker, unfortunately I did not get in for the full question but I think I got the sense of the hon. member's question. My understanding is that he has asked if there is any move on the part of the provincial government to take the precedent in Quebec whereby they have a somewhat different tax structure in terms of gasoline in border areas. I understand that is the question. We have had a number of approaches about the tax problems that relate to border areas, and there are tax difficulties, they are not unique to our border areas, every border area in the world I suppose has these same tax difficulties. We have had approaches in pointing out, for the individuals living in the areas and the businesses in

DR. COLLINS: areas, the implications for them. We have had meetings with them. As a matter of fact, the reason why I was a little bit late coming up to the House is because I had a meeting with the Chamber of Commerce from the Strait over this issue. They have given us valuable insight into the implications and they have offered a number of suggestions, and so on and so forth, and we said that we would take those under advisement. We are aware of the situation whereby Quebec does make some allowances in terms of gasoline taxation in border areas and we have undertaken to get full details on that and to inform ourselves fully on it and we have undertaken that we will communicate back to these people who have brought up the issue.

MR. WARREN:

Mr. Speaker.

MR. SPEAKER(Russell): The hon. the member for
Torngat Mountains.

MR. WARREN: Mr. Speaker, another
question to the Minister of Finance(Dr. Collins)
concerning taxes: If you go the department stores
around town now there is a lot of confusion as it pertains
to the little white slip that the salesclerk is supposed
to fill in for children's clothing which is untaxed.

I understand the government
in British Columbia has a similar tax imposed but they
have a very straight, simple form where the individual
purchasers just signs their names and addresses and it can
be verified the same as the minister's complicated form
that our stores have. Has the minister given any consider-
ation to doing away with this complicated form - not only
is it complicated, but it is very time-consuming form
which is causing checkouts to be blocked for some
considerable time, especially during peak periods - to do away
with this form and use a much simpler form or, in fact,
do away with the tax on children's clothing altogether?

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

DR. COLLINS: Mr. Speaker, if there is one
thing this administration hates to do it is impose a tax.
We are always looking at our tax structure, with the hope
and expectation, when circumstances allow, that we will
either diminish or perhaps even abandon taxes altogether,
and we would become, perhaps, the only part of Canada which
is a totally tax free haven, something that even Alberta
is not aspiring to at the present time.

But more specifically on
the point the hon. member raised, I suppose it is, like
beauty, in the eye of the beholder. I have a daughter
who is in that area, she is thirteen years old - sometimes
she has children's clothing, sometimes she has adult's

DR. COLLINS: and I recently was in an establishment on a very busy day, it was on a Saturday evening, and I had to fill in one of these forms and it took no time at all. The saleslady who did it, she just did it; she was talking to someone else when she did it, it was almost automatic. So there was very, very little difficulty and I would think that when the hon. member says that this was causing blockages at checkouts and so on and so forth, there is probably a certain bias in his view of things. I am not saying there is not a bias in my view of things, but

DR. COLLINS:

I thought it went very smoothly. I think it is probably somewhere in between, The hon. member is biased, I am biased but the general public seem to be able to live with it without too much difficulty.

MR. SPEAKER (Russell):

The hon. member for Torngat Mountains.

MR. WARREN:

Mr. Speaker, a supplementary to the minister. I think the unfortunate thing is the stores will not accept anything but the MCP card and sometimes neither parent has it at hand. I think this could be eliminated, having to use the MCP card, the most difficult problem would be solved.

However I have another question for the minister concerning taxes. I think it was reported by the Liquor Control Board that so far this year the revenue from the sales of liquor have been down something like 10 per cent or more. We are getting into the Christmas spirit, it is just a few more days before Christmas, has the minister considered having a special on the sale of booze in the stores before Christmas?

MR. NEARY:

And South African liquor and wine.

MR. SPEAKER:

The hon. Minister of Finance.

DR. COLLINS:

Mr. Speaker, I am not very closely associated with, shall we say, the merchandising of liquor.

As the Minister of Justice (Mr. Ottenheimer) says, I am not very closely associated even with the consumption of liquors. But my understanding is that there are a

DR. COLLINS: number of sales - I do not think they are the popular stocks, I think that every once in a while the Liquor Corporation has acquired a line of alcoholic beverage that ultimately turns out to be a rather poor seller so that at some point in time they do put it on at diminished values or diminished costs. Now whether they do it at Christmas I do not know, but I will undertake to bring the hon. member's suggestion to the Chairman of the board and see what his reaction is.

MR. NEARY: Mr. Speaker.

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

Mr. NEARY: Mr. Speaker, I have a question for the Minister of Transportation (Mr. Dawe) in connection with the Green Bay ferry fiasco, not Farley Mowat's Boat That Wouldn't Float but the boat that would not sail. Would the hon. gentleman inform the House as to what has happened to all the things that were on board of that boat? Before she came here, as hon. members know, she was a cruise ship so there was an awful lot of valuable things on board that ship.

MR. MORGAN: She was a fishing boat previously.

MR. NEARY: No, she was a cruise ship. There were oak tables and chairs and all kinds of expensive furniture, and mirrors.

MR. NEARY: Mr. Speaker, would the hon. the Minister of Transportation tell the House what has happened to all these things that were onboard that boat?

MR. SPEAKER (Russell): The hon. the Minister of Transportation.

MR. DAWE: Mr. Speaker, I am afraid I do not have that sort of information right at my fingertips but I will certainly try to enquire as to whether in fact anything has been removed from that vessel. My understanding is that some of the fixtures that could be used in some of our other systems, like the chairs and the benches and those sorts of things, were taken off the vessel before she went to Marystown, but I will certainly check on the other items.

MR. NEARY: Mr. Speaker, a supplementary.

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

MR. NEARY: If these items, these fixtures and oak tables and chairs and so forth were taken off the vessel, surely the hon. gentleman must know where they are stored, whose possession they are in or whose care they are under. Would the hon. gentleman give us a little more detail about these items?

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

MR. DAWE: Mr. Speaker, I have already indicated that I do not have that information. If the hon. member would like to wait a half-hour or so, I can certainly check and have that information for him.

MR. NEARY: Fine.

Mr. Speaker, a final supplementary.

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

MR. NEARY: If the hon. gentleman is going to check on these matters, would he also check with his depot in Grand Falls to see if all the items that were stored in his depot in Grand Falls, that he apparently does not know about, are still there? The oak tables and the chairs and the fixtures and the compressors and the mirrors and all things that were taken off that boat before she went to Marystown are very valuable and can be resold. The hon. gentleman should give us an itemized list of where all these items are located and tell us if they are under better security than the guns that were down at the Plymouth Building a week or so ago.

MR. SPEAKER (Russell): The hon. the Minister of Transportation.

MR. DAWE: Mr. Speaker, I have indicated already that I will try to find the information for the hon. gentleman and make it available to him within the next half-hour or so.

MR. NEARY: Okay, that is fine, Mr. Speaker.

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

MR. NEARY: Could I ask the hon. the Premier, Mr. Speaker, if the council in Trepassey has yet been in touch with the hon. gentleman to discuss the status of the deep-sea fish plant in that community?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: I think the council in Trepassey has been in touch with the member for the area, plus the Minister of Fisheries (Mr. Morgan) and myself, so I think they have been in touch with all and sundry and I think there is a meeting in the process of being arranged to talk to the people of Trepassey. Of course, that opens

PREMIER PECKFORD: up the whole question. It is not only the people of Trepassey who are going to be looking for meetings, and they just cannot go looking for meetings with the Province, they have to look for meetings with the three partners to the new company. We, as a Province, will not be able to provide full and complete answers to any of the areas. But that brings up the whole question of the Northern cod stock. And the Ministerial Statement today, the long and short of it is that unless and until we are able to change this whole business of resource allocation, we are going to be into serious problems with being able to supply sufficient fish to fish plants around this Province, as we would want to do, to provide employment for

PREMIER PECKFORD: to provide employment for at least six or seven months of the year. So to answer the Leader of the Opposition's (Mr. Neary) question directly, yes, we have had representation from the town of Trepassey through their member and the Minister of Fisheries (Mr. Morgan) and myself and a meeting is being arranged to talk to them. But, as I say, I have to hasten to add that final answers will not be forthcoming yet until we get some changes to the resource.

MR. NEARY: Mr. Speaker, a supplementary.

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

MR. NEARY: Would the hon. gentleman inform the House if there is any foundation to the reports that this plant may be downgraded to a seasonal operation?

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: To my knowledge there has not been any final decisions made on any plants yet in the Province. The company is not established but there is a committee in place that is monitoring the operations of the old companies, that is the Lake Group of Companies and Fishery Products Limited as well as John Penny and Son, and there has been no final determination of the status of any plants. The whole idea, as the restructuring agreement said, is to keep these plants open and to supply them with as much fish as possible. There is supposed to be a resource utilization task force established to study how much stocks are available, and I will have more to say about that hopefully tomorrow, because we are strongly of the view, after looking this over, that there are some serious encroachments upon the agreement that we signed only last September. That is being studied now and we will be communicating what our position, as it relates to that agreement, in the next twenty-four hours.

PREMIER PECKFORD: But there has been no final determination of plant status, as I understand it, of any of the plants yet.

MR. NEARY: Mr. Speaker.

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

MR. NEARY: Mr. Speaker, could the hon. gentleman tell us the situation regarding the Burgeo plant, which is not a part of the supercompany, although that company is about to be restructured, as I understand it? As hon. members know 600 residents demonstrated Friday demanding that National Sea tell them when their plant will reopen. The plant has been closed since August, as hon. members are aware. Now, would the hon. gentleman tell us if he has had any correspondence or any request from Burgeo for a meeting regarding the Burgeo plant? Could the hon. gentleman enlighten the people of Burgeo as to what is going to happen to the plant in Burgeo, when will it reopen, because these people down there are demanding an answer from somebody as to when their plant will reopen?

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

PREMIER PECKFORD: Mr. Speaker, I have been talking to the Minister of Environment (Mr. Andrews) about it and the Minister of Fisheries (Mr. Morgan). But as the Leader of the Opposition (Mr. Neary) knows, or if he does not know he should know, the plant in Burgeo is owned by National Sea Products Limited, as is the plant in St. John's, the plant in Arnold's Cove and the plant in La Scie, and are all assets of the company National Sea Products Limited. And National Sea Products Limited was part of a deal with Nickerson for the restructuring of those two companies to form a Nova Scotia based company. Now that has not occurred and there has not been total agreement by either the Nova Scotia government itself nor by some of the shareholders of National Sea. So the final disposition of the whole Nova Scotia company and where National Sea will fit in or not - or fit out - and be still by itself, an independent, still remains to be determined. So, therefore, there is no easy answer to what is going to happen or when the plant in Burgeo is going to open or when the other plant in St. John's is going to open and so on. It is somewhat out of our hands in that sense. We are on top of it and getting the latest information on it. But because it seems some shareholders in National Sea are opposed to the Nova Scotia restructuring proposal, and because the Nova Scotia government has been opposed to what has been put on the table for the restructuring of both of those companies, there is no definitive answer to the question at this point in time.

MR. NEARY: Final supplementary, Mr. Speaker.

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

MR. NEARY: Mr. Speaker, in connection with the fish plants, what about the Harbour Breton fish plant? Does the hon. gentleman know anything about that one, what might

MR. NEARY: happen in Harbcur Breton and when that plant might be opened?

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

PREMIER PECKFORD: Well, obviously I have already answered the question when I answered about Trepassey, because I said all the plants that are part of the restructured company in Newfoundland are in the same boat: There has not been any final determination on them, when they shall open and so on. As I indicated earlier, there is a monitoring committee, made up of the three partners to the agreement, which is dealing with the managers and dealing with the two old companies and are trying to put in place a plan for 1984. That plan has not yet been finalized or approved by anybody and they are still in the process of developing it. So Harbour Breton is like all the plants that come under the restructuring process. The management of the two old companies, are meeting together and finalizing and formulating plans for all the plants for 1984 and the monitoring committee of the three partners is overseeing that process and in due course

PREMIER PECKFORD: will be reporting back on just what the disposition will be and when the plants and the various areas will be open.

MR. SPEAKER(Russell): The hon. the member for Torngat Mountains.

MR. WARREN: Mr. Speaker, in the absence of the Minister of Culture, Recreation and Youth (Mr. Simms), I have a question for the hon. the Premier. About a week and a half ago the Minister of Culture, Recreation and Youth issued a Ministerial Statement concerning the harvesting of the George River caribou herd. The minister did not advise in his statement what time this harvesting would take place. Will it be taking place this year coming up, this hunting season, between now and March?

PREMIER PECKFORD: March of this year?

MR. WARREN: March of '84.

MR. SPEAKER: The hon. the Premier.

PREMIER PECKFORD: The Minister of Culture, Recreation and Youth is on a plane on his way back to St. John's and should be here by four thirty. But the Minister of Development(Mr. Windsor) is familiar with this, because I think it is a joint effort of both departments, and the Minister of Development might be able to give some of the information that the hon. member is looking for.

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

MR. WINDSOR: Mr. Speaker, the proposal is one simply of once we have identified the exact areas where we see potential existing to establish outfitters' camps, then we will be inviting proposals for these camps; there may be four, maybe five, probably in the order of six camps that we think can be supported without any damage whatsoever to the herd. These will be commercial operations which will be operated similar to the hunting

MR. WINDSOR: and fishing camps that now exist within the Province and that will employ, I think, upwards of a couple of hundred people and will undoubtedly bring -

PREMIER PECKFORD: Will we have them by March?

MR. WINDSOR: No. We still have a great deal of work to do in identifying the areas where we think we should locate these camps. It will not be done by March, but we will be inviting proposals then from interested groups. No doubt many persons in Labrador will be interested in getting involved in this activity.

MR. SPEAKER(Russell): The hon. the member for Torngat Mountains.

MR. WARREN: Mr. Speaker, a supplementary. The minister advised that he will be identifying areas. At the same time, will the minister be doing an environmental study on the areas that will be selected before he goes ahead and gets the camps built, or invites the proposals and so on? Will there be an environmental study done on the whole area?

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

MR. WINDSOR: Mr. Speaker, obviously the Minister of the Environment (Mr. Andrews) will make the final decision on that. I doubt very much if a full environmental assessment will be required simply to establish a hunting camp. These will be small commercial operations similar to numerous ones that we have in this Province. Our concern, of course, is for the herd. That study has already been done; we know quite well from the information and the scientific data that has been collected that the herd, indeed, can withstand a considerable amount of hunting activity, and that there is a strong potential there for developing a very viable and very valuable tourism industry based on that particular herd. What we

MR. WINDSOR: 'What we want to identify are the optimal areas in which to locate the actual camps so that they are not in conflict with one another, and that they will be very viable operations on their own.

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MR. WARREN:

Mr. Speaker.

MR. SPEAKER (Russell):

Mountains.

The hon. the member for Torngat

MR. WARREN:

Mr. Speaker, the minister is more concerned about the herd than he is for the people living in the area apparently. Mr. Speaker, my supplementary to the minister is: If they are going to go ahead with this operation, which no doubt would be very beneficial to Tourism, will the minister, before any further steps are taken on the location of the various camps kindly correspond or negotiate or at least consult with the two main native groups in Labrador, namely the Naskaupi Montagnais Innu Association and the Labrador Inuit Association, which comprise about 70 per cent of the population of my district where the herd is located?

MR. SPEAKER:

Development.

The hon. the Minister of

MR. WINDSOR:

Mr. Speaker, the hon. member indicates that the minister is not concerned about the people, yet he indicates that there is a strong potential for tourism development here. Well, he cannot have it both ways; either he is in favour of this proposal or he is not. The fact of the matter is that this minister is very concerned both for the herd, undoubtedly we would not even be considering having a hunt if there were any question at all in the minds of the scientists and the people in the Department of Environment and of Culture, Recreation and Youth that there was any danger whatsoever to that particular herd. Neither, Mr. Speaker, will we allow a resource potential which exists, regardless of whether it is animals or trees or mines or oil and gas or whatever it is, to go unexploited if there is an opportunity

MR. WINDSOR: to develop that resource and to create employment for the people of this Province and, most likely in this case, for the people of Labrador moreso than the people of the Island portion of this Province. So we will do everything we can to develop this particular resource in the best interests of the people of Labrador and the Province generally. If there are representations that the people wish to make from Inuit Associations or any association, Mr. Speaker, in this Province we would only be too happy to receive them.

MR. WARREN: Mr. Speaker.

MR. SPEAKER (Russell): The hon. member for Torngat Mountains.

MR. WARREN: Mr. Speaker, a final supplementary to the minister. I do not think the minister realizes, although he is the Minister of Tourism, that last year out of the caribou harvest in Northern Labrador only between 20 and 25 per cent of Labrador people were fortunate enough to have caribou meat. So why could not the minister, if he is going to harvest the caribou meat, set up such a programme, for example, in the Nain area, where the local people could be employed? By the way, Mr. Speaker, the government does have a retail store there, and he could have set up a butchering shop, he could have set up a marketing outlet where the people are, because the George River caribou herd is in the center of Labrador. First and foremost the minister should look at making sure that the Labrador people are tended to first. That could be done by

MR. WARREN: means other than coming out with outfitter camp setups and going in there and within four or five years maybe the George River herd will be slaughtered the same as the Mealy Mountains herd. So would the minister consider setting up some sort of a commercial outlet somewhere in Labrador so that first and foremost the Labrador people could benefit from the herd which is part of Labrador?

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

MR. WINDSOR: Mr. Speaker, first of all, it certainly was not the outfitters of this Province who are responsible for any damage previously done to the Mealy Mountain herd or the George River herd because we do not have any outfitters in Labrador at the moment.

MR. WARREN: No, but the United States Air Force is up there.

MR. WINDSOR: This is obviously a new effort to establish outfitting operations based on sound, scientific data, Mr. Speaker. Obviously the people of the area will benefit. The hon. gentleman says why do we not consider the people of Nain? We certainly will. We do not know exactly yet where those camps will be located, but they will be located wherever we can find the greatest benefit to the people of this Province that will still provide a very pleasurable hunt and make it attractive for tourists to come to this Province and pay, and pay very handsomely for the opportunity of participating in a big game hunt in this part of our Province.

MR.SPEAKER (Russell): Order, please! The time for the Question Period has expired.

PRESENTING PETITIONS

MR.SPEAKER: The hon.member for Eagle River.

MR.HISCOCK: Mr. Speaker, I rise to present a petition on behalf of the teachers in Labrador West, signed by the teachers in the Northern Light Branch of the NTA which represents the area from L'Anse-au-Clair to Red Bay and there are approximately twenty-five signatures. In this petition, the teachers of Southern Labrador, in the Northern Light Branch of the NTA, support our colleagues in Western Labrador in this round of contract negotiations with the Government of Newfoundland and Labrador. In light of the agreement recently reached between both negotiating teams, we strongly urge support and help to ratify a settlement about outstanding issues. Surely remembering last Spring's job action, government must realize that compromise is more beneficial than conflict. We find, Mr. Speaker, the children in Labrador West are caught in the middle; they have had programmes discontinued, the teachers are working to rule. Even the regular Christmas Concerts and other programmes that the normal school takes for granted in the Christmas season have been dropped this time because of the conflict going on. They have been over a year without a contract and one has to ask the question why is it that again the government is putting the teachers to the board? They, surely, last Spring should have realized how the students suffered.

MR. HISCOCK: Some
of them were rather anxious about their Grade XII and
other levels and now we find ourselves in the same
situation again in Western Labrador. One has to ask
the question why is it that the government negotiates
in conflict and not necessarily in co-operation. I
for one support the teachers in Western Labrador and
am quite pleased

MR. HISCOCK: that the teachers in the Northern Light branch took the initiative, and I urge more branches of the NTA throughout the Province to add their support, to send similar petitions to government MHAs, Cabinet Ministers and the Premier, urging the Minister of Education (Ms Verge) and the government to get back to negotiating in good faith and making sure that the teachers in Labrador West get their just reward.

We learned that the federal government were going to discontinue benefits of miners in the Canadian North, and on hearing that, it was not long before the member for Menihek (Mr. Walsh) and others circulated a petition in Labrador.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Russell): Order, please!

MR. HISCOCK: We are quite pleased that, as a result, the matter has been put on hold indefinitely, the benefits will be continued, and we would hope that the Minister of Education and the school boards and IOC realize -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. HISCOCK: Mr. Speaker, I have only five minutes. Could the whale be quiet for a little while?

We realize, Mr. Speaker, that the cost of living is extremely high in Northern Labrador and that should be taken into consideration when government and the school board and IOC are negotiating teacher contracts. I think what they are asking for is only fair and equitable. So, Mr. Speaker, I am quite pleased to be

MR. HISCOCK: able to present this petition on behalf of the teachers of the Northern Light branch and ask that by early next week we have this matter settled. Thank you, Mr. Speaker.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Russell): Order, please!

DR. COLLINS: Mr. Speaker.

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

DR. COLLINS: Mr. Speaker, I rise to support the right of the teachers in the Straits area to support their colleagues in Labrador West. I think it is very commendable of them to have this measure of collegiality within the Teachers' Association.

A few points, though, Mr. Speaker. With regard to the work to rule, I do not think anyone is very happy with that; certainly government is not very happy with it. We thought we had an understanding with the NTA that when that work to rule issue arose during the negotiations with the NTA for the Island part of the Province that when that issue was put to bed it would never arise again and that that tactic would not be used again to put pressure on the school boards or on government. So we are very dismayed, actually, to see that it has arisen again, and we would certainly hope that in the not-too-distant future, if not immediately, the teachers in Labrador West will see that it really is not quite fair and I do not think it even garners much public support for the children in the area to be prevented from having activities which may not be, shall we say, educational in the narrow sense of the term, but nevertheless, is very important for their development in the younger years of their lives.

DR. COLLINS: So we would hope that the work to rule issue as it applies to extracurricular activities will not persist and certainly will not be used by teachers in the future in any other area of the Province.

With regard to the issues in the dispute between the teachers and the school boards in Labrador West, I would just like to point out again that it is not so much a dispute between the teachers and government. There was a conciliation board report and the conciliation board report fully recognized that the arrangement reached with the NTA for the bulk of the teachers in this Province, that is the teachers having positions on the Island itself, that arrangement really did have to apply insofar as government funding is concerned to the teachers in Labrador also. What is at issue is the extra funding that goes to the teachers in Labrador West. The extra funding is in two forms. The first form is the Labrador allowances which go to any public employees in Labrador in recognition of the somewhat higher cost of living and perhaps some other factors in Labrador and government is responsible for that

DR. COLLINS:

and government does give it to the teachers up there. If you are a teacher you get a certain Labrador allowance in addition to your usual salary, and if you are a public servant of some other sort you also get the same Labrador allowance, depending on whether you are single or married. And, you know, that is not in issue. What is in issue is the extra moneys that the teachers in Labrador West receive from the mining companies, from IOC and Wabush Mines. When the companies were anxious to have people working in Labrador West and anxious that they should have services that would attract them to that area, one of the things they undertook was to give extra funding to the educational system up there. That extra funding allowed the school boards up there not only to have a lower pupil/teacher ratio but also allowed them to give add-ons to salary scales and various things like that. Now that the recession is having very marked effects on iron ore companies in particular, and I suppose the iron ore companies are some of the enterprises that have been hit hardest by the recession and have as yet to see any recovery from the recession, because of the recession the companies just feel that they have not the same means to give extra funding to the educational system in Labrador West. So the school boards are faced with the situation that some of their funding is diminished and they are saying to their teachers, 'We will not decrease your salaries from what you got in the past, but we cannot give you increases that we would normally have given you if those extra funds from the iron ore companies had not been diminished.' And, you know, the boards, I think, have made an honest effort to try to keep their other expenses down to a minimum so that they would not be put in a position of having to actually decrease teachers' salaries. And as I say, it is my understanding that they have not undertaken to decrease them, they have undertaken to hold

DR. COLLINS: them level but not to give the increases that the teachers wished. They have made an honest effort to hold their expenses down in other areas. They have made an additional offer recently to the teachers hoping that that would prevent a work stoppage but regrettably it was rejected by the teachers, they now have a strike vote. I would hope that that will not prevent further negotiations and I think that with good will on both sides there still is an area where there can be compromise and where the thing can be settled without a work stoppage which would be detrimental, of course, to the students involved.

SOME HON. MEMBERS: Hear, hear.

MR. SPEAKER (Aylward): The hon. Leader of the Opposition. to that petition.

MR. NEARY: Mr. Speaker, I rise to support the petition so ably presented by my colleague, the member for Eagle River (Mr. Hiscock), on behalf of his constituents who are supporting the teachers in Labrador West. I was rather surprised to hear the Minister of Finance (Dr. Collins), Mr. Speaker, and really what he was doing was not supporting the petition but negotiating in public, negotiating in this House, and in the process gave the teachers of Labrador West a little flick on the wrist. That is what the hon. gentleman just did, Mr. Speaker. He said that he cannot understand the tactics being used because he thought that when they went through this dispute they had a year or so ago with the teachers that they would never again - the hon. gentleman thought - work to rule. Now why would the hon. gentleman think such a thing, Mr. Speaker?

MR. CARTER: You are getting into debate.

MR. NEARY: No, it is not debate. The hon. gentleman was debating, Mr. Speaker, and I guarantee you that

MR. NEARY: his words in this House today will do the controversy, the dispute, between the teachers and the school board in Labrador West no good, Mr. Speaker. The hon. gentleman,

MR. NEARY: in his pious way, a halo over his head, sort of gave the teachers a slap on the wrist. Mr. Speaker, they did not have to have the hon. gentleman get up in this House today and give us a lecture on where the funding came from, everybody knows where the funding came from. For a number of years, as hon. members know, they had the finest educational system in this Province in Labrador West. I believe they were the first school in Newfoundland and Labrador to become bi-lingual, the J.R.Smallwood Collegiate in Labrador City, and the pupil/teacher ratio was lower in Labrador West than in any other part of the Province.

Mr. Speaker, these are all known facts, so we did not need a lecture from the hon. gentleman on these matters. What the hon. gentleman should have told the House, and what he should have told the people in Labrador City and Wabush was that negotiations will continue in good faith and that they would carry on until this matter was resolved. With what the hon. gentleman just did, he seems to have slammed the door in the faces of the teachers in Labrador West and his words will certainly do the cause no good. And I paid very strict attention to what the hon. gentleman was saying about the dispute; he was scolding the teachers, giving them a little crack on the wrist for working to rule and, Mr. Speaker, it will certainly do the cause no good.

MR. SPEAKER(Aylward): Before we proceed with Orders of the Day, yesterday it was brought to my attention that there might have been some unparliamentary language used during the debate. On checking with Hansard, December 19, tape no. 4428, I note the remarks attributed to the hon. the member for St. John's North(Mr. Carter), 'That is a lie. That is a lie.' These remarks are considered unparliamentary and I would ask the hon. member if he would withdraw.

MR. CARTER: Certainly, Mr. Speaker,
I was provoked beyond reason. I withdraw.

MR. SPEAKER(Aylward): The hon. member has
withdrawn.

ORDERS OF THE DAY

MR. SPEAKER: Order 8, "An Act To Amend
The Retail Sales Tax Act, 1978". I understand that the
debate was adjourned by the hon. the member for the
Strait of Belle Isle(Mr. Roberts).

Motion, second reading of
a bill, "An Act To Amend The Retail Sales Tax Act, 1978".
(Bill No. 87).

MR. ROBERTS: Thank you, Mr. Speaker.
Your understanding is correct, Your Honour. Mr. Speaker,
there has been a lot said on this bill. I hope the
Minister of Justice(Mr. Ottenheimer) does not go too faraway.
If he is indulging in one of his habits,I hope he is able
to do it in public, because I want to address some remarks
to this bill and I think they affect matters which are as
much within the purview of the Minister of Justice as they
are within the purview of the Finance Minister(Dr. Collins)
in whose name this bill, of course, stands.

Now I understand that
yesterday my colleagues said they agreed with this bill,
and I do not differ with that, but I will say to them that
the Minister of Finance has been kind enough to give me
the text of the amendments which it is proposed - he
cannot move them,of course, one of his colleagues will -
which it isproposed to move to this bill to deal with Sections
13 and 14 of bill No. 87. These are the clauses which deal
with directors and with agents. I want to thank the
minister

MR. ROBERTS:

for his courtesy and his kindness, but I will say, having reviewed these proposed changes, I am not sure that we on this side should support them and I will try to deal with that in a minute or two, Mr. Speaker.

Mr. Speaker, these amendments in part have grown out of the work of the Public Accounts Committee and the recommendations which the committee made in the report for the year ending 31 March, 1981. The 1982 report will be tabled I hope very shortly before the House, when the committee have finished it. In 1983 report has not yet begun because the Auditor General's report for that period was tabled only a few days ago here in the House. So these grow out of the most recent report which the PAC has made to the House, Mr. Speaker. A number of the amendments which the minister has asked us to adopt in the House are very technical. I shall have one or two questions but we will deal with those later.

I want to direct my attention, though, to two points, one of which is in the bill and one of which is not. The one which is not in the bill is a measure to deal with corporate shams. The one which is in the Bill are the Sections 13 and 14, which deal with the question of what if any onus we shall lay upon directors, officers and agents. And of course, Your Honour, we are all aware, I have no doubt, that directors, officers and agents are very different people. Directors have one role and one function, officers have a different role and a different function, although you can be both a director and an officer, and an agent is a different relationship altogether; in fact, I think it is probably extremely doubtful at law if one could be both an agent and either an officer or a director. The directors and officers act in the name of the

MR. ROBERTS: company, the agents act as the company, the law of agency, but that is a point I will come back to.

Let me talk first about the corporate sham situation. And in doing that, Mr. Speaker, may I preface these remarks by saying that 99.99 per cent of people who are responsible for paying sales tax in this Province, and that, of course, is every vendor because the act lays an obligation upon every retail vendor as defined, and that is just about everything, but 99.99 per cent of those people are honest. I am not saying they always pay their taxes promptly - the minister has got to go out and collect the tax and that is fair enough, that is his job - I am not saying they always pay without dispute - but there is nothing wrong with disputes; if they arise they should be resolved but there is nothing wrong with them arising - but I am talking about the people who deliberately set out to bilk the government, and there are such people in this Province. And one of the ways they do it, Mr. Speaker, is to set up a corporation which sounds impressive until you realize that any three people of age - you do not even have to be of sound mind - any three people of age in this Province can constitute a corporation by paying - I do not even remember the fee anymore - \$115 or \$120 to the Registry of Companies here in this Province. That is all it takes. And then you can set up a body corporate, which at law is separate and distinct. So all you do if you wish to bilk the Province of the sales tax is you set up your corporation, run up your bill by not paying your sales tax.

The minister in the past, and for all we know today, has been negligent in this regard. There have been cases where hundreds of thousands of dollars have been uncollected because the minister has not got out and collected it, and the

MR. ROBERTS: Auditor General's report has documented that. I am not talking about the non-write-offs situations, I am talking about the matters on which the Auditor General has reported where there have been cases where individual vendors have been allowed to run up astonishingly large amounts of tax. Then, when the minister cracks down eventually - somebody prods him into it - he cracks down and he goes in and the corporation has nothing in it. Alright, you cannot get blood from a turnip, we are going to try to make directors, officers and agents liable to some degree, and we will deal with that in a moment, but let us carry through with the corporation; the corporation becomes defunct, either it is put into bankruptcy or it is liquidated voluntarily or it just dies of its own volition because the actions necessary to keep it alive under law are not maintained.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, I have no quarrel with the Minister of Fisheries (Mr. Morgan) on this point at least. If he wants to carry on a conversation I would be grateful if he could carry it on outside the chamber and I would ask Your Honour so to remind him. Not only is it out of order, it is exceedingly rude, Mr. Speaker.

MR. SPEAKER (Aylward): Order, please!

MR. ROBERTS: Thank you, Mr. Speaker.

MR. ROBERTS: The corporation has no money in it, it owes \$15,000 or \$20,000 or \$30,000 in tax.

The minister goes in and tries to collect it, is not able to because, in the words of the old adage, 'You cannot get blood from a turnip'; the corporation collapses, the minister is left holding the bag and, of course, that means all of us are left holding the bag. And that is bad enough, but what makes it intolerable in my view is three or four weeks later the same guiding people, the same individuals -

MR. MORGAN: Form a new company.

MR. ROBERTS: - form a new company. The Minister of Fisheries (Mr. Morgan) has got the point exactly. They then apply to the minister for registration. The minister, we were told, and I think there is legislative sanction for this, has authority to deny them registration. But now we are told at the most recent PAC hearings that some nameless gnome in the Department of Justice has told the minister he cannot do this. Now I quarrel with the legal opinion but, since we were not shown it, it is difficult to quarrel other than with the result. But I will say, quite simply, the legislature can stop that situation if we wish. We have that power at law. And when I see all the appallingly bad legislation which is brought in from time to time in this House, I wonder why we do not get some wonderfully good legislation, such as a section in the Retail Sales Tax Act which would allow the minister to deny registration in a situation whereby the same people or substantially the same people come back into the business world. Now you may say that is an arbitrary power, and I agree it is, but there is an appeal provided, as I read through the act. If the appeal process is not adequate, then let us provide another appeal process. By all means let us provide a process by which the minister's decision may be tested by some rational standards. The government want to

MR. ROBERTS: try to end that in the case of the Labour Relations Board, they want to try to limit access to the courts, I opposed it there and would oppose it here. But what I am saying, Mr. Speaker, is that we have a situation in the Province whereby people who set out to build the treasury could do it. There are very few of them but there are some, and they do it deliberately and they do it time and time again. Many of these people are repeaters, there is a definite pattern, and we as a Legislature should stop it. And I say to the minister that I am extremely disappointed in him that he has not brought legislative measures before this House. His officials told us at the PAC, and the evidence is there on the record for anybody to hear, anybody to read, that the power which the House thought it has vested in the minister had proven to be inadequate. The minister of Justice (Mr. Ottenheimer), of course, is responsible for the legal opinions; he may or may not have given it, it does not matter which lawyer wrote the opinion, it is the minister to whom we look as the chief law officer of the Crown. So I would simply say to both ministers that this is an intolerable situation and one which should be stopped. It is not that the amount of dollars is all that excessive, I suppose on a sales tax yield of roughly \$350 million a year, the Minister of Finance (Dr. Collins) gets it plus or minus \$20 million - I tend to it more accurately - but on a sales tax yield as large as we have a few hundred thousand more or less is not going to make or break the Province. But what counts, Mr. Speaker, is this, that the sales tax collection process, like any taxation process we have, depends upon most people complying with it voluntarily. If the income tax, these fearsome people who have vast authority in that Income Tax Act, if they were ever confronted with a situation whereby we all refused to file our returns on the 30th day of April, the whole system would collapse. If the Minister of Finance was ever confronted

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MR. ROBERTS: with a situation where every
retail sales tax vendor just flatly refused to co-operate,
the whole system would

MR. ROBERTS:

collapse because we would not have enough person power to enforce it. So all these taxation systems depend in large measure upon voluntary compliance, they depend in large measure upon most people being reasonably honest, and most people are reasonably honest. But when somebody who is reasonably honest sees some sleeveen beating the system- and I have just said it one way; I have hardly revealed anything new, it has been quite public for a long time- and getting away with it, it just puts the devil in everybody else around this Province. So I would say to the minister that that is an area that he ought to address, and, in my view, if we need further legislative authorization we should get it. The minister should have the power to be able to refuse registration in a case where the same people, or substantially the same people come back in a different corporate veil, a different corporate form. Piercing the corporate veil, which is the term the lawyers use for this process is not new, there have been any number of situations which have developed over the years where the courts have pierced the veil, and where they will continue to do so, and there is certainly no reason -

SOME HON. MEMBERS:

Oh, oh!

MR. ROBERTS:

If the lady from Gander (Mrs. Newhook) could please keep her voice down I should be grateful to her. I know she does not intend to be rude, but unintentionally she is.

Mr. Speaker, the fact remains that the corporate veil has been pierced many times at law, it can be pierced by this House and it should be. I do not want to go over the ground unnecessarily, but I will say that this is a deficiency in the bill which the minister brought in, and I will say to him that allowing this type of thing to continue without any effort to try

MR. ROBERTS: to stop it is simply inviting a lot of people in this Province to down tools on the whole retail sales tax system, and I would say to the minister that that is the biggest threat to this system that we could ever have.

The crooks I do not mind. We will always have some crooks, and we will catch them sooner or later. What would destroy the system is if ever the great, the preponderance, the 99.99 per cent of the people who play the game, if ever they feel it is not worth their while to play the game and down tools, then the whole thing will collapse.

Mr. Speaker, let me then move on to sections 13 and 14, and I propose to address myself not to the sections in the bill, because as I said in the outset, the minister has been kind enough - I gather he indicated to the House that he would be asking his colleagues to make amendments -

MR. NEARY: He is going to change a few words, he paid.

MR. ROBERTS: He has been kind enough to provide me the wording, and let me say, Sir, that I, for one, will not be supporting at least one of these wordings. His proposed amendment to section 13 is a gigantic step backwards. In fact, we would be further ahead in this Province in our efforts to collect sales tax if the minister's proposed new section 13 is not enacted. His proposed amendment is not the one before the House, it is one which would amend section 75 as it now stands by deleting four words. Section 75 now, Mr. Speaker, in its entirety says, 'When a corporation is guilty of an offence under this act and an officer, director or agent of the corporation directed, authorized, assented to, acquiesced in, or participated in the commission of the offence, that officer, director or agent is party to and guilty of the offence and

MR. ROBERTS: is liable on summary conviction to the punishment provided for in that offence whether or not the corporation has been prosecuted or convicted'. All it says then is, if you authorize, direct, assent, acquiesce or participate in the commission of an offence you can be made guilty to the same penalty. What the minister proposes to do in his amendment is strike out the words 'assented to' and the words 'acquiesced in', those four words. That then significantly reduces the exposure of a director, officer or agent, and I think that is shameful, and I say to the minister that if he understands what he proposes, he should be ashamed of himself. What he is saying is that if a director acquiesces or assents in the commission of the offence he cannot be made liable to any penalty. And I cannot understand how the minister in conscience can recommend that to this House.

A director

MR. ROBERTS: acquiescing or assenting in means you have knowledge of something, Mr. Speaker, and you do nothing about it .. And what this would mean is if a director had knowledge that a corporation was breaking the law by not paying its sales tax and did nothing about it, that director has not committed an offence. Now I think this is an appalling piece of draftmanship, I think these amendments. I do not know who drafted them and I do not care because it is the minister who is responsible - are the worst drafted amendments I have seen.

Thirteen in the bill as it originally stood was an abomination and fourteen which is 79(1) was even worse. The draftsman should go back to law school if ever he was there, whoever wrote those sections, and I can give them the precedent. But I will say the new Section 13 is shameful. The minister ought to be ashamed of himself if he sponsors that in Committee, because all he is saying now is that a law which now says that if a director acquiesces in or assents to the commission of an offence he can be convicted of that offence, he is taking that out of the law and I just think that is an astonishing step backwards. I do not care who asked for it, I do not care if the Board of Trade asked for it, - I do not know if they did or not - I do not care if 1000 sounding angels asked for it, I cannot see any possible justification for relieving a director, an officer, or an agent of a company from responsibility and exposure to a penalty where he has acquiesced or assented in an offence. Acquiescence or assent is an act of volition, it is

MR. ROBERTS: an act where he has done something or 'he has not done that which he ought to have done,' to use the words that are in the Book of Common Prayer. And so I say to the minister that he is wrong, I think the draftsman or his officials, I do not know who derives these things.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: If my friend, the member for Ferryland (Mr. Power) could keep his voice down to a duller roar it would be much appreciated.

MR. CARTER: You are touchy today, boy.

MR. ROBERTS: No, I am not touchy. It is just that I am feeling the urge for a little Christmas courtesy and I am prepared to extend it even to my friend from St. John's North (Mr. Carter) in the spirit of the season, but I ask it in return. I am debating a very serious matter and I should have thought the gentleman from St. John's North, as a former Vice-Chairman of the PAC, would be the very first to pay attention to it raptly even if he cannot comprehend it.

Now, Mr. Speaker, the point on the proposed new Section 13 is that it is a gigantic step backwards. If the minister really understands it, then I invite him to try to give us a reason why we should remove a burden that the law has laid upon people in this Province for many years, and which in my view is a reasonable burden, that where you acquiesce or assent to an offence you are guilty of that offence as well. When you acquiesce or assent to an offence by a corporation, that you are liable to a penalty if you are charged before a court of law

MR. ROBERTS: and convicted. That is just absolutely astonishing and I cannot understand how any official could recommend it to the minister and I cannot understand how any minister could accept it and bring it before this House. Now the minister can either be pig-headed and bull-headed about it or he can look at it sensibly and rationally and take counsel on it because I suggest that 13, as he has drafted the amendment is very bad policy indeed.

Section 14, which will replace the one in the draft, the proposed 75.1, in fact it adds a 75.1 and a 75.2. The 14 in the bill, the 75.1 proposed, will not see the light of day so I do not need to speak about it. I have already advanced my opinion on 13 as it was originally drafted. It was an astonishingly inept piece of draftsmanship. But, Mr. Speaker,

MR. ROBERTS: the proposed new 75.1, the proposed new 14 which will add 75.1, in my view, is good law, with one exception. Once again, the minister has fallen into the acquiescence trap. I do not know who the minister listens to. I am not even sure he understands it, to be candid. There is a perfectly valid precedent available to him, that dreadful beast with whom we all must live, the Income Tax Act of Canada. And when the Board of Trade get on their high horse and talk about new departures in law, they might want to realize that chapter 140 of the 1980-81-82-83 Statutes of Canada added, as part of the income tax law of Canada, a personal liability upon directors, it is found in 227.1, and what it says is that 'directors of a corporation at the time the corporation was required to deduct or withhold the amount or remit the amount, are jointly and severally liable together with the corporation to pay any amount that the corporation is liable to pay under this act.'

And then it provides for defences and it says, 'where the director has exercised a degree of care, diligence and skill to prevent the failure that a reasonably prudent person would have exercised in comparable circumstances,' then he is let off the hook. Now, why the minister did not look to that, which says a director is liable unless - and a very important unless - he can show that he has done what a reasonable and prudent man would do, and that is far better than this legislative abomination that we are now going to be asked to deal with.

Furthermore, I do not know why the minister insists upon trying to bring officers and agents in under the same umbrella as directors. Directors, Mr. Speaker, occupy a very special place in law. The directors under Newfoundland and Canadian companies law

MR. ROBERTS: are responsible for the management and direction of the company. In a very real sense, while they do not own the company, they are the company. The shareholders of the company, the men and women or the bodies corporate, as the case may be, who own it, who are beneficially entitled to the property or the assets of that company or the proceeds thereon, those shareholders do not run the company, the directors run the company. And the law is well established that directors do not have to do what shareholders tell them to do, directors have their own minds and must use their minds. And here the minister tries to confuse them or does confuse them, tries to confuse us, I suspect, by putting in officers and agents. They are not the same in law.

Mr. Speaker, on top of that - you may wonder why I am making such heavy weather of all this - let us remember the nature of retail sales tax moneys. They are trust moneys, the act declares them that. Section 33.1 says 'A person who collects any tax under this act is deemed to hold the tax in trust for Her Majesty.' We are not talking of a company's money, we are talking of the Queen's money, the government's money. Right from the start, if Your Honour goes into the shop tonight and buys a glass for a dollar, Your Honour pays the shopkeeper \$1.12. One dollar of that goes to the shopkeeper and twelve cents is in trust for the Queen.

MR. CARTER: Would the member permit a serious question?

MR. ROBERTS: Yes, I would gladly permit any serious question.

MR. SPEAKER (Aylward): The hon. the member for St. John's North by leave.

MR. CARTER: Mr. Speaker, I wonder would the hon. member address the question that I was posing yesterday. What about the case of a firm that goes bankrupt because of the non-payment of its bills by the people it has provided goods to? I am think, for instance, of a firm that say sells snowmobiles. Now they have been sold on credit and if they are not paid for the firm has no choice but to go bankrupt, yet at the same time the sales tax becomes payable the moment the unit is sold.

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

MR. ROBERTS: Mr. Speaker, let me first of all ask if the House would grant me two or three minutes or four or five more because I have had the dreaded five minute note from the Clerk.

MR. SPEAKER: Shall the hon. member have leave to continue for a few minutes?

SOME HON. MEMBERS: By leave.

MR. SPEAKER: Leave is granted.

MR. ROBERTS: I thank hon. gentlemen.

Let me then deal with the question, which is a very good one. The most common way in which this arises I think would be in the case of a car dealer, because if you sell a car for \$10,000 - which I am told is not much of a car these days; I mean, it is not hard to buy a car that cost \$10,000; you are not buying Cadillacs or Mercedes Benzs or Rolls Royces at that price - the \$1,200 tax becomes payable immediately and in many cases the garage owner or the factor - I do not mean the factory, I mean the factoring, the factor - who buys the paper, usually recourse paper, the tax is paid immediately and then it may be the

MR. ROBERTS: person who has that car, or a snowmobile equally, does not pay for it, in which case the business goes up the spout. Well now, I think there are two comments, one would be a very practical one, you have to have an awful lot of defaults before a business goes up the spout, one snowmobile or a number of snowmobiles. But let me take it on a broader plain, which I think is where the member intended it to be, and that is the question of a business which goes bankrupt for whatever reason; I mean, it has not collected its accounts, you can argue maybe they should not sell on credit, but that is not the point, the point is it has gone bankrupt. The Income Tax Act allows a due diligence defense. I read this section, it is 227.1(3), "Where a director has exercised a degree of care, diligence and skill to prevent the failure", in this case to remit withholding taxes, "that a reasonably prudent person would have exercised in comparable circumstances, there is no offense." So I would think if I were the director of a bankrupt company and I was charged, and I suggest charges would be laid only if there was some evidence that there had been something out of the ordinary, then I say to my friend from St. John's North (Mr. Carter) that 227.1(3) is the defense. I could say, 'Well, judge, I have done what a reasonably prudent person would have done. I checked every month to make sure the sales tax was paid.' That kind of thing.

MR. CARTER: These people can reappear in business within a month after they have gone bankrupt.

MR. ROBERTS: They could. And there have been cases of that, as the member may know, in St. John's or in Newfoundland. That perhaps addresses the situation with which I dealt earlier, where I have run a tavern and I have run up \$10,000 in RST and I do not pay it, I go out of business and

MR. ROBERTS: next week instead of Ed Roberts Limited I incorporate Roberts Ed Limited, you know that kind of thing, make a mockery of the whole system. I do not think these amendments deal with that. These amendments deal with the question of whether we can go beyond the corporate structure, the corporate assets, into the personal pockets of the directors and the new 75.1 which the minister wants is not good enough. There is a perfectly good precedent in the Income Tax Act which applies to an analogous situation, there it applies not to income tax the company owes, it applies to income tax, the withholding tax, that the company has collected from its employees, it spells them out here 135.3 or 153 or 215 of the act. Here we are talking not of money which NEWCO, owes we are talking of trust money. It is our money right from the time, to come back to my example, Your Honour pays the twelve cents on the glass. It never belonged to the company. What happens is the companies take it and they put it in their own bank account. I know people, some of them close to me, personally and in business, who financed businesses for years on the sales tax revenue, a free loan from the government. Well, the government are getting better at collecting it now.

MR. ANDREWS: Terrible.

MR. ROBERTS: Yes, it is terrible. What we are talking about here is trust money and what I am saying, the burden of the whole point of what I am saying is that onerous duty should be laid upon a director. Now somebody will stand and say as the Board of Trade in their stupidity-- and it was stupidity on their part;

MR. ROBERTS: I am surprised that a group of intelligent men and women with advice have taken this position - said there are people who are directors why should they be responsible Well, Mr. Speaker, when we reform the corporation law in this Province, which I understand will be done, directors are going to have to stand up and accept their responsibilities. I mean, it is shameful. It is hard for anybody to say, 'Well, I am a director of a company but I have no interest in it'. If you have no interest in it you should not be a director. And everywhere else in North America, every other province in Canada, federally in Canada under CBCA, directors can be held personally liable if they do not act properly, not just for trust funds but for the whole affairs of the company; shareholders can sue, they do all the time. Your Honour and I are on a Select Committee, we were appointed by the House, to deal with the corporation law. The draft that was referred to the committee has that kind of standard into it, and I have no doubt that any report we bring in will have that kind of thing and any bill that comes in will have that. That is the commercial norm across North America. And for a group of people in this day and age to stand up and say, 'Well, we are a director and we have no responsibility for the company', is shameful. They have no business being directors and the government has no business allowing them to be directors if they will not take the responsibilities. There is an old saying of which I am very fond because I believe it expresses a great truth, 'If you take the Queen's shilling, you carry the Queen's rifle'. You cannot have the profit of being a director without the responsibilities of being a director. And somebody said, 'What about the lawyers?' Lawyers do not need any help from this House. I will tell you, Your Honour, that if all else comes down the lawyers will be okay. And I know whereof I speak. I mean, I am one of that trade union. But the lawyers will be okay. You do not need to worry

MR. ROBERTS: about the lawyers. When all else ends, on judgment day there will be a lawyer there trying to collect a fee for asking St. Peter to let somebody in and another lawyer collecting a fee telling St. Peter not to let him in. You need have no fear of that. And if lawyers who act in the professional sense incorporating companies want to carry on as directors of those companies, then let them accept the responsibility. And it would be shameful, in my view it would be a dereliction of the ethical standards of the Bar if the lawyer said, 'Well, I want to be a director but be damned if I am going to accept any responsibility'. You know, there is a very famous saying by Stanley Baldwin, who was a Tory Premier of England - the Minister of Justice (Mr. Ottenheimer) would remember it because he is learned in these things, he has read history - 'Power without responsibility used to be the sole prerogative of the harlot'. - it was in a fight he had with Beaverbrook and Rothermere - but now, he said, 'The press lords want to share that power without responsibility'. Well, I say that any lawyer, or anybody else who wants to be a director of a company and is not willing to accept the responsibility that comes with it, he too wishes to share the prerogative of the harlot, power without responsibility. It is not right. It is offensive in law, it is offensive in policy. And the minister's amendments unfortunately do not remove the situation. I say to the minister, and I will close this portion - I have two or three other very brief points - I will say to the minister that in spirit I am with his amendments. He is trying to do the right thing and the PAC had extensive hearings and recommended it. I have heard

MR. ROBERTS: no responsible voice against the principle. The Board of Trade quite properly has criticized the original draft. In fact, I share their view. The original draft, the one that was made public in this Bill 87, was a bad piece of drafting. I did not say so outside the House because I knew I would have my turn in here, and the Board of Trade is right to criticize whether they are right or wrong anyway. Let them criticize, and the Institute of Chartered Accountants. But I say to the minister that what he has now put before the House, or what he has told us he will and what he has given me the courtesy of showing me is bad law. He should look at the Income Tax Act provisions which work. They apply only to trust funds and they apply only to directors, and these are the people we need worry about. And a director of a company must accept the responsibilities and I can hardly see a Conservative Government which believes in conservative principles not adopting what is after all a very sound principle and also happens, I should think, to be a conservative as well as a small 'l' liberal principle. If you have the power of being a director you have the responsibility. If you want the director's fees you take the director's responsibility. And anybody who says, 'Oh, well, I am only a director so I get some legal work, or because of this or because of that maybe I get a free pass or a free this or a free that', Mr. Speaker, that is just astonishing that anybody could be allowed, not to advance it, anybody can advance what they want, but that anybody could be allowed to take that seriously and to treat it as a foundation for policy.

So I say to the minister that his heart is in the right place. It is his words that are wrong, and I say that his words, as he has put them

MR. ROBERTS: in 13 and 14, are not going to do the job. He should redraft them and he should look at the Income Tax Act-and I have a photocopy of it here if he needs it to talk to his officials - and he should adopt the philosophy there,that directors are responsible personally for trust funds unless they can show that they used a due diligence defence. And that is not a new principle. All those downtown who were quite quick to jump on me saying, 'It is radical,' because I dared to say what the PAC had said unanimously, that we should make directors personally liable, they all either do not know about the Income Tax Act or just ignore it. But that has been part of the law of Canada now for a couple of years. In fact it became effective on November 12, 1981. So for more than two years that principle has been in the Income Tax Act and thus part of the law of Canada. And there have been prosecutions under it,and there have been some successful defences and there have been some successful convictions.

Mr. Speaker, two other points, if the minister would, when he speaks either now or in Committee, could he tell us-and maybe he did in introducing the bill, I apologize for not having heard him -why are 1 (5) and 5 (1) made retroactive to July 1, 1978? If he looks at the bill,section 1, sub-section (5) and section 5, sub-section (1), in each case of course of the bill, he will find that the provisions are made retroactive to 1978. These have to deal with the promotional situation. Have we been levying tax all these years and perhaps invalidly? Retroactive legislation is always abhorrent but there are situations I accept where it may be necessary, but to go back five years!

MR. CARTER: Bills of attainder.

MR. ROBERTS: Bills of attainder. Yes, the hon. gentleman might have personal experience with those

MR. ROBERTS: if we ever allowed them again. I think the Charter probably outlaws them. The member can sleep easy at nights now. But, you know, to go back five and a half years is a long, long time. And changing the rules of the game in mid stream is a very dicey proposition indeed. Now there may be a reason, the minister may have told us, but if not I would ask him to consider that point. If we change the law from this day forward I have no quarrel. We tax everthing. There is only one activity we do not tax in this Province, and if the government could find a way to do it they would. Mr. Trudeau once said, 'The state has no place in the bedrooms of the nation'. But I will venture to say if the Minister of Finance (Dr. Collins) could find a way to audit what goes on in the bedrooms of this nation he would tax that too. But short of that we tax just about everything, and we are now going to tax materials distributed for promotionsl distribution - well and good !

MR. CARTER: We could always use the honour system.

MR. ROBERTS: It took the hon. gentleman a few minutes to come through to what I was talking about. The honour system may or may not be useful there. He may stand and declare his interest if he wishes. But, Mr. Speaker, making it retroactive is a dubious proposition and perhaps the minister could tell us why.

Finally, and I think others have spoken on this, section 7 confers extraordinarily broad powers upon inspectors. Must we really give an inspector the power to compel somebody to answer questions? I find that offensive. It think it is probably ultra vires. I think the Charter of Rights is going to strike down this and a lot of other bad legislation when it gets around to getting tested before the courts. But why should we make a man answer questions? It is a very fundamental principle of our law that you really have the right to remain silent. In court, if you are compelled to testify, you can at least call upon the Canada Evidence Act or the Newfoundland Evidence Act and the evidence cannot be used against you. But, Mr. Speaker, it has been in the law all along but we are re-enshrining it. And I do not know why the Chartered Accountants when they got all het up, did not look at that. It is on page 10, I say to the minister. It is the new subsection 39 (2). We are putting back the words 'answer any question relating thereto.' You know, we get an inspector, he could be somebody right out of high school with the dew wet

MR. ROBERTS: behind his ears, we give him a certificate signed by the minister and in he goes and he could make anybody answer a question? It is just offensive and it is wrong in law, it is not necessary. If the Crown really feels that the person being questioned is hiding something, then let the person be hailed into court and let him answer. But this is just the Star Chamber and Inquisition rolled into one. You know, we do not need these clauses, they are all through our statutes. We do not need them, Mr. Speaker, and we should not have them here. The Crown has adequate methods to try to collect the taxes due to it without forcing people to answer questions. As I said, I suspect it is bad law anyway. I would like to see a judge take a crack at it and doubtless one of these days somebody will raise it before a court of law and we will see what happens.

Mr. Speaker, I thank the House for its indulgence. I say to the minister that I make these comments in the most constructive of senses because I believe he intends to try to do the right and proper thing; and I think this bill is important. This is the bill under which the largest single source of provincial revenue comes in; the sales tax is the biggest single provider of cash to the Treasury from provincial sources, probably it will always be so. And the legislation under which it is collected is of paramount importance.

The points which I have made, I suggest to the minister, are well taken; I believe they are well made. That is a matter for argument, of course, but they are well meant, they are well taken and I would say to the minister that the bill would be a lot better if he would consider these points. There is no need to strike out the words 'assented to', 'acquiesced in', that

MR. ROBERTS: it is a step back that is encouraging people to become derelict in their responsibilities, it is saying if you do not report you are let off the hook. That is just shameful, and the new 75.1 as proposed, a lot better than the one which stood in the original draft which, in fact, stood as sub (2) of old 75, to confuse everybody, but it is still not good enough. The parallel he should look at is the Liability of Directors section in the Income Tax Act of Canada, which has worked.

And, finally, I say to the minister again that he should have a look at the 'sham' situation; it is an open invitation to abuse and it is being taken up from time to time.

Thank you very much, Sir.

MR. WARREN: Mr. Speaker.

MR. SPEAKER (Dr. McNicholas): The hon. the member for Torngat Mountains.

MR. WARREN: I will be very brief, Mr. Speaker.

One thing I would like to say, Mr. Speaker, concerning the retail sales tax - and I believe yesterday my colleague from Eagle River (Mr. Hiscock) mentioned it briefly. I am just going to deal on one aspect of it and probably the minister when he is closing the debate

MR. WARREN: could probably advise the House if there is going to be some means to get around it, and that is with the many hundreds of outlets, and I just do not have the Liquor Licencing Board book that the minister tabled there a while ago, I think there are several hundred retail beer outlets within the Province. And the reason I wanted to address this one, Mr. Speaker, is that I do not believe one of those several hundred will give any customer a case of beer on credit, without paying for it first.

It is worth noting, Mr. Speaker, that if you want your case of beer from the fellow who is selling beer in a corner store you have to produce your ten dollars and fifty-four cents, I believe it is. In order to get the beer you have to make sure you pay that guy. Now, when that fellow receives that ten dollars and fifty-four cents, or whatever the case may be, Mr. Speaker, he is doing two things: Naturally he is making a small profit for himself, which he can pocket, he is also collecting money from the guy he sold the beer to, taxes for this government.

Now, what does he do? I am not saying all of them, but a percentage of them, first and foremost, I presume, make sure that enough of that ten dollars is for his survival, then he will make sure that whoever he bought the beer from, the wholesaler we will call him, is going to be paid for it, because if not he will not be able to get any from him next week. So those are the two things he has to make sure of. The third thing he does not care about, the taxes. I forget now the exact amount of tax on a case of beer, maybe the minister can tell me. It is probably two or three dollars on a case of beer? And what is happening to those dollars? He is using them also for his survival, your money, my

MR. WARREN: money, the taxpayers' money. He is using that money and he keeps on going month after month after month.

Now, what happens? I know two individuals whose small stores were closed down because of poor economic returns. They were forced to close their stores but, meanwhile, you could go into the store when you liked when it was open, and one of the fastest selling commodities in the store was the beer. Shortly after he sets up again, as the member for the Strait of Belle Isle (Mr. Roberts) just said, under another name, even though he owes the government several thousand dollars in retail sales tax. He has done that, Mr. Speaker, of five occasions; not once, not twice, not three times, not four times, but on five occasions within a span of six years.

Now, how much taxes would you think those five companies owe the provincial treasury? I wrote a letter

MR. WARREN: to the minister a while ago, asking the minister if he could advise me. Naturally, under the Financial Administration Act the minister could not. But the minister should realize that this is the taxpayers' money. This is money belonging to the taxpayers of the Province. Maybe the minister should seriously consider, especially when the Public Accounts meet, that the name of the individual - there are two ways to stop a crook: One way is, naturally, if you are smart enough to catch him in the act. That is one way. And the second way is to embarrass him. If you embarrass him time and time and time again, finally he is going to give in. A few years ago, I believe through the Minister of Justice's department, you would see a list of the names published of those who had their licences suspended. You would see a list of names, Joe Blow from Timbuktu and so on, all of the different names were listed of those whose licences were suspended and so on. I would bet that if the minister undertook for three consecutive months to let the taxpayers of this Province know that such and such a person, from such and such a place, who owns such and such a company owned the Province \$7,000 in sales tax, Mr. Speaker, the minister would probably get some taxes back. I believe he would, Mr. Speaker.

I believe, Mr. Speaker, as the Leader of the Opposition (Mr. Neary) said yesterday in speaking in this debate, that we have to use every means available to us to collect the sales tax. As to sales tax on beer, why could the minister not use this suggestion? When the wholesaler delivers the beer to the retailer, as soon as that beer is delivered to him, the \$2.50 or whatever the tax is on that case of beer, why could it not be given to the deliveryman, given to the truck driver, the man who delivers it? Then, Mr. Speaker, the guy when he sells the

MR. WARREN: beer does not have to remit his sales tax because it is already remitted. He should be compelled to remit that tax, because once he sells that beer he is going to collect the tax. And what does he do with it? He just puts it in his pocket. And this is unfair, this is very, very unfair.

So, the minister has the option of making it mandatory that the beer retailer in order to get his case of beer must pay the taxes first. Because one thing we know in this Province, as long as there is beer for sale in this Province beer will be sold. The beer will be sold.

MR. WARREN: So that is one way the minister is assured of the taxes. The retailers will not have beer in their stores not sold. Beer will always be sold. So that is one way the minister can make sure the taxes are collected. Maybe the minister can tell us this in closing the debate, what is the amount of retail sales tax not collected on the sale of beer? And I would venture to say, if the minister would give an honest opinion, and I know he will, that of the \$14 million not collected several million, maybe \$2 or \$3 million of that is on the sale of beer alone.

So the minister should seriously consider that. It is a request and it is, I hope, a legitimate request to the minister to make sure that the retailers will make a tax deposit before taking the beer over. In closing, Mr. Speaker, I believe that the minister could make some of those changes. And, as the member for the Strait of Belle Isle (Mr. Roberts) said, 'The minister is bringing in changes but he is bringing in changes not necessarily in a proper way'. Mr. Speaker, back in 1979 the Premier said, 'Let us go forward'. I would think if the minister would look at how much sales tax was outstanding in 1979 and how much is outstanding today, I do not believe the minister can really say he has gone forward that much. Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER (DR. MCNICHOLAS): If the hon. minister speaks now he closes the debate.

The hon. Minister of Finance.

DR. COLLINS: Mr. Speaker, I thank hon. members for their comments on this bill. I think that even though taxes probably are not a matter that people,

DR. COLLINS: shall we say, are very enamoured about, nevertheless they are quite important. I know that I get a fair number of comments and a fair number of representations from hon. members, which is their right and which is their duty in many respects, in regard to tax matters for their constituents. But I do thank them for their remarks. Now, before I start, though, I do have to make a comment about the hon. member for the Strait of Belle Isle (Mr. Roberts). I am going to come back to his remarks a bit later, because he has to stand in line, there are other people ahead of him who made comments and I want to take their comments in order. But I do have to make this comment, that the hon. member for the Strait of Belle Isle is a good debater but he is very, very plausible sometimes. Now by plausible I mean that he will make a case and he makes it in such a way and uses such fine words, and so on and so forth, you think it is gospel. But if you look at it it is full of holes, and not infrequently is just absolute and utter rubbish and nonsense. And, you know, he does it so often

I do not think hon. members in this House are taken in by it because they have heard it time and time again ad nauseam, but I think the press is often taken in by this plausible approach that the hon. member has. I am going to come back to his remarks. But just before coming back to them I would like to point out one thing the hon. member for the Strait of Belle Isle did a little while ago.

Remember when the Auditor General's report was due, the hon. member for the Strait of Belle Isle said, 'The Minister of Finance (Dr. Collins) should table this report right away' and then he went on to say, 'because every other jurisdiction does it this way.' It is ridiculous that in Newfoundland they do not do what every other jurisdiction in Canada does' and so on and so forth.

December 20, 1983

Tape No. 4190

IB-3

DR. COLLINS:

Now, I was sure that
that was a pile of rubbish. But, nevertheless, I took
the time to do a canvas

DR. COLLINS: of the federal government and of all the provincial jurisdictions and, Mr. Speaker, it was totally a pile of rubbish.

MR. CARTER: Manure.

DR. COLLINS: Or, as my hon. friend said, manure. Because with very, very rare exceptions the other provinces and the federal government just do what we do. They have a time limit before which the Auditor General's report has to be tabled if the House is not sitting, and if the House is sitting, after the House sits there is a time limit of a matter of a week or ten days, or whatever. So it is exactly what we do and quite the reverse of what the hon. member for the Strait of Belle Isle (Mr. Roberts) said. But he said it in such a convincing, plausible way that everyone was scribbling, my, here is holy writ and all the rest of it. Now, as I say, I will come back to that later because many of the things that the hon. member for the Strait of Belle Isle said, many of his comments today made in a very plausible, legalistic way, when you look at them they just have very little substance and in many cases they are a pile of nonsense.

Anyway, I will now go back to some other members who spoke. The hon. Leader of the Opposition (Mr. Neary) made the point that vendors who are convicted under the act because of bankruptcy, or whatever, they are convicted of not rendering tax, that they are allowed time and time again to get a new vendors license either in their own names or under other companies that they incorporate in their names, they are allowed to do that repeatedly. Mr. Speaker, that is not so. We have closed that loophole. It is now no longer possible for that sort of thing to happen. It might have happened in the past because of certain weaknesses in the act, but we have strengthened up the act now where the minister has

DR. COLLINS: the discretion to refuse licensing individuals who have been convicted under the act. So that is no longer the case.

Mr. Speaker, I might just now make one point in this regard, that the hon. member for the Strait of Belle Isle (Mr. Roberts) stated that they were given some information in the PAC from officials of the Department of Finance that the act was weak and it could not prevent this. Mr. Speaker, my information - and I made it my business to find this out - my information is that is not the information that the officials of the Department of Finance gave to the PAC. The information they gave was that if another company is incorporated by a relative of that person, not the person, by a relative of that person the act does not prevent them from doing that. Well, why should it? I hope this is a democracy we live in. And just because I commit an offence my brother or sister or aunt or uncle or whatever, they should not suffer because of my offence. That is what the officials of the Department of Finance told the PAC, that if an individual is convicted under the act and he himself cannot get a license but, say, his brother or his aunt or his cousin or whatever comes in and asks for a license we do not refuse them a license on that basis, and it would be quite undemocratic and I am sure against the Bill of Rights if we did so. And this is where the plausibility of the hon. member for the Strait of Belle Isle, the plausibility of his argument comes in, that sounds so great. He says, "We were told that the officials of the Department of Finance said the whole thing is weak, in shambles and nothing works", and so on and so forth. It is a pile of rubbish. It is not what happened at all.

DR. COLLINS: Now, Mr. Speaker, just going on with the Leader of the Opposition (Mr. Neary). The Leader of the Opposition made a point about the Auditor General complaining in his report about access to the retail sales tax returns. And there is no doubt about it he did that. Unfortunately, the Auditor General did not lay out in detail the substance of his request. The substance of his request to the Department of Finance was that as we now have this information on tape, in other words computerized, that he would like

DR. COLLINS: to have a terminal in his department so that at any time he could plug into the files of the taxation division of the Department of Finance and they could be opened at any time without anyone knowing it, certainly without the Department of Finance knowing it. In other words, that would mean that we would be totally surrendering the confidentiality of retail sales tax returns to the Auditor General, or to anyone who worked in the Auditor General's office.

Now, Mr. Speaker, in our view that would be totally irresponsible. The Retail Sales Tax Act specifically prevents us from doing that. Only those who are named by the minister may have access to this information, and they may only have access to the information if it is required for the administration of the act. So it is a very restricted group. We co-operate totally with the Auditor General. If he wants to know about a particular case and we are informed about it so we know where that information is going, and if the information did ever leak out we would know it was not leaking out from the Department of Finance, but was rather leaking out from the Auditor General's office, we co-operate fully to that. But we are not in a position, and I would resist very strongly having the retail sales tax files put on a computer that would be available to someone who has nothing to do with the administration of the act.

Now, Mr. Speaker, the hon. the Leader of the Opposition (Mr. Neary) also brought up the point about uncollected tax. I do not know if he did mention a figure, but I would now like to give a bit of information to the House -

MR. NEARY: That is all you can do with it.

DR. COLLINS: Mr. Speaker, there is a

DR. COLLINS: noise coming across the way. I do not know where it is coming from.

MR. SPEAKER(Aylward): Order, please!

DR. COLLINS: I would just like to update the House on the arrears in retail sales tax: As of the end of November, 1983, arrears on retail sales tax amount to \$18.3 million. Now, Mr. Speaker, that is an increase over a previous figure that was given this House, which was something of the order of \$15 million, or whatever. I might say that that increase has come about because of increased audits. We had an audit on a very large organization recently which amounted to \$1.5 million. That was an appreciable part of that increase.

I might say that that audit is subject to dispute, and, you know, there is a legitimate difference of opinion on whether the retail sales tax is exigible in the form that we say it is, and so on. So I have no doubt that that will come to the courts. But that is partly the reason, and very substantially the reason, for the recent increase in the outstanding arrears.

The other thing I would like to point out, Mr. Speaker, is that during the period when those arrears built up the Department of Finance collected \$2.22 billion. So if you relate the arrears to the total collection you will find that the non-collectible part of the tax amounts to about 1 per cent. Now, Mr. Speaker, that is the best record of all the provincial governments in Canada. We have, probably out of necessity and so on and so forth, and probably because retail sales tax is so very important to us, it is a larger part of our revenue than anywhere else, but we have the best arrangement for collecting retail sales tax of any jurisdiction in Canada. That is the smallest percentage

DR. COLLINS: of non-collectible tax,
and I would say that there are very few businesses in
the private sector which has receivables to the extent
of only 1 per cent. I would say that 5 per cent or 6
per cent, some figure like that is a more likely figure
you would come across.

There is another thing
that should

DR. COLLINS:

be appreciated about these arrears, And I would like to get back to my old friend from the Strait of Belle Isle (Mr. Roberts) on this. He talked about the taxes that are owing as being in trust, these collected taxes. Well, now, Mr. Speaker, that is not always true. In many cases much of this tax is not collected. In other words, when we do an audit we find that a firm should have collected it but for whatever reason, and there are quite a number of reasons, they did not collect it. And it is only when we do the audit that the liability for the retail sales tax thrown up.

MR. NEARY:

Well, if you did not collect it, they broke the law.

DR. COLLINS:

Oh, yes. I mean, you should have collected tax, but if you did not collect it you still did not collect it even though you should have collected it. Also some of this tax is due because of firms who actually consume materials. They use them themselves and they should have paid taxes on that, and that is a good part of the audit also.

Mr. Speaker, another point that the Leader of the Opposition (Mr. Neary) brought up was in regard to the directors issue. I would like to come back to that a little bit later because I want to comment in that regard to the member for the Strait of Belle Isle's remarks. I think it was the member for Eagle River (Mr. Hiscock) who brought up the point about the counterproductivity of our present retail sales tax level. I think the Leader of the Opposition also might have commented on this. He either wanted to have a holiday

DR. COLLINS: from retail sales tax, thought that would be a good idea, or that we should decrease the rate of tax. Well, firstly, on the rate of tax: The retail sales tax is a very regressive tax. In other words, no matter who you are, rich or poor, if you buy an item you pay the same amount of taxes on it as anyone else. So it is regressive in that regard. It is not like, say, the income tax where the amount of tax you owe is related to your disposable income.

Now, we try to get over the regressivity of a tax like that by having a lot of exemptions. For instance, food is exempt, fuel is exempt, children's clothing is exempt and so on. If you take the exceptions or the exemptions and relate to it level of tax, you will find that really over a broad range our tax is only about, say, 8 or 9 per cent. I think the 12 per cent is misleading if you say that we collect retail sales tax, 12 per cent, on everything, on all purchases. We do not. There are many things that are exempt. So we are in effect, for the average person's purchases throughout a year, we are collecting something like 8 or 9 per cent. If we dropped down, therefore, our rate of tax now, we would in effect be dropping it not from 12 per cent down to whatever, we would be dropping it from 8 or 9 per cent down to whatever. And this Province, unfortunately, because our legitimate sources and means to develop have been obstructed and so on and so forth, unfortunately we need those revenues from retail sales tax. If we dropped it down we just would not get the revenues and we would not be able to carry out government services that should be carried out.

Now, the argument is that if you drop it down you increase the volume. Now that is a spurious argument because that has been done in other

DR. COLLINS: places. For instance,
it was done in Ontario,

MR. NEARY: You are so negative!

DR. COLLINS: We have the information
on Ontario. You know, we investigate these things because
if it is a good dodge we would like to do it. We have investigated
in Ontario and we found that their returns did decrease.
Granted the number of sales went up, but when they decreased
their retail sales tax, nevertheless their revenues went
down. Now, Mr. Speaker, we are in a much worse condition
than Ontario in that regard, because if Ontario stimulates
sales by a decrease in retail sales tax they can often
get benefits not only from retail sales, but they can often
get them from the manufacturing sector too because they
manufacture many of the goods that they actually sell
in stores. In our case, we manufacture almost none of
these items so that we do not get that benefit. So
we would be even in a worse case than Ontario. And Ontario
found that there may have been a brief period whereby
sales were promoted when they decreased the retail sales
tax, but after a while that brief period, that burst of
purchasing, shall we say, was over and done with and they
went back to the previous level. So there they found they
were at a previous level of

DR. COLLINS:

sales but a lower rate of tax, and, therefore, obviously, the retail sales tax revenues were down.

Off the top of the head these may sound plausible enough, but when you look at them in detail, and that is what we have to do, they just do not work out in practice.

Mr. Speaker, the hon. the member for Torngat Mountains (Mr. Warren) alluded to the fact that we do not pay commissions, and he also tied that in with the fact that sometimes retailers use monies collected for their own benefit. Now, in many cases one offsets the other. For instance, if a retailer collects on, say, February 1 because he sells an item, he is not required to submit this tax until March 20. So he can have that money right from February 1 to March 20, when he has to have in his return for the previous month, and, of course, that money is of benefit to him, and if he invests it he might even get a monetary return on it. Now, that sort of compensates for the fact that we do not pay our collectors a commission. Some places do, but we feel that adequately offsets the other.

It was mentioned by, I think it was the hon. the member for Eagle River (Mr. Hiscock), that we might give, say, a 2 per cent commission. If we gave a 2 per cent commission to the vendors in this Province it would cost us \$64 million a year, and we just have not got \$64 million a year available for that purpose. And as I mentioned, I think the vendor is adequately compensated by the fact that he does have quite legally, quite legitimately the tax collected by him available to him for a certain period of time because he does not have to put in his return until the 20th. of the following month.

Now, Mr. Speaker, getting into

DR. COLLINS: the body of my remarks, I would like to come back to the member for the Strait of Belle Isle (Mr. Roberts): He very properly did point out, I will say this for him, that the taxation system in this Province and in this country, and most Western countries is on an honour basis, or a voluntary basis and we must not do anything that would undermine that. Because if we did that we would be into a great deal of trouble. One of the things that I think would undermine that would be if we abandoned the confidentiality of taxation information. If we allowed that to become widely dispersed so that no one had any protection, any right to privacy in terms of taxation returns, I think the honour system would go out the window. And that is another argument why the Auditor General's request to have unrestricted access unbeknownst to the people whose duty it is to collect the tax, i.e., the Department of Finance on behalf of government, a request that could probably be used by unauthorized people, if we allowed that I think that would be the first step in undermining the voluntary or honour system in terms of tax remission.

Now, Mr. Speaker, the other points I would like to turn to is where the Leader of the Opposition (Mr. Neary) says that by striking out a few words in section 75 this was horrendous, this was bringing us back to the Stone Age, that we were undermining Western democracy, that the whole weight of human endeavour and all the literature that was ever written in the Western world was going to collapse down around our ears. He laid it out in those terms which, of course, is a pile of nonsense because section 75 states: 'When a corporation is guilty of an offence under this act and an officer, director or agent of the corporation directed, authorized' - I will leave out some words - 'or participated in the commission of the offence' and so on and so forth 'says that he is guilty'.

DR. COLLINS: Now, Mr. Speaker, in other words, we do not need in that section, in my view and in the view of the advisors available to me, 'assented to, acquiesced in'. There are quite enough words in there to get anyone who legitimately was party to an offence. There are quite enough words in here for us to charge him and the courts to convict him. So to say that this is a terrible step backward and all the rest of it, again it was just flummery, it was just debating.

The reason why we dropped it out there, Mr. Speaker, was a very good reason. If we had kept it in section 75,

DR. COLLINS:

we should really keep it in the new amendments coming before this House, and in our view it was inequitable to leave it in there. Because one of the amendments coming before this House will not only make such an officer, director or agent company liable to be convicted for committing an offense under the act, but now this amendment will make him liable for payment of tax. And whereas previously he might be convicted and perhaps pay a fifty dollar fine or whatever, now if he is convicted he could be faced with a tax which could be any amount you want to mention. So we wanted to make sure, therefore, that we were not doing anything that was in any way inequitable. That is why we put in the amendment the words, 'Directed, authorized or participated in' but left out the words, 'assented to or acquiesced in' which might apply to someone who really was not part of the offense. So I have no apologies whatever for making that change there.

The same way the hon. the member for the Strait of Belle Isle (Mr. Roberts) said it was a dastardly act to have in the word 'officers' there, that an officer is not a director and so on and so forth. Well, of course, we all know that the president of a company is an officer. Would that mean that we do not have presidents of the companies involved? Also he made a great deal about we had to do exactly as the income tax did. You know, the income tax is not holy writ either. They have their own way of doing it, we have our way of doing it. And the way we have put it in is the wording that will be as follows: This is to make sure that no one is convicted inadvertently. "In any prosecution under this section an officer, director or agent of a corporation is not liable to pay the tax for which the corporation has been convicted of failing to pay under sub-section (1) where that officer"- and this is important - "where that officer

DR. COLLINS: director or agent showed that he exercised the degree of care, diligence and skill to prevent the failure that a reasonably prudent person would have exercised in comparable circumstances". Now, what is wrong with that? That is almost the same as the Income Tax Act, you know. But he said, 'Oh, this is terrible what you are doing there. You must do exactly what the income tax did'. And he said, 'I told my colleagues that if they do not know the income tax, come to me and I will tell them all about it'. You know, he was just making a big stance here whereby he wanted to upstage his legal colleagues. But we in this House are not interested in that. We want to put into the act what is a reasonable statement for the purposes of the bill, and what is going in there is perfectly adequate in my view and in the view of the people who advise me.

Now, the last couple of points that the hon. member for the Strait of Belle Isle (Mr. Roberts) brought up dealt with retroactivity in section 1 and section 5. He said that retroactive taxation is a thing that we should avoid. I would like to point out that this is not retroactive taxation. Those two sections apply to the exemption of promotional material from taxation. What happened was that the retail sales tax in New Brunswick was questioned by the Supreme Court there over catalogues, and from that time on the company concerned voluntarily submitted tax to us for their catalogues. Now they did not feel that under our act they were liable for it. Because there was an area of doubt there they did not want some time later on to be left with a whole lot of tax that was due. So they voluntarily

DR. COLLINS: decided to submit it to us. We did not feel that they were due to do it, but nevertheless we accepted it pro tem. Now these amendments now clarify that such promotional material does not have tax attached to them. So that is why it is made retroactive, retroactive to the time that they voluntarily gave us that tax.

Also the hon. member for the Strait of Belle Isle (Mr. Roberts) wanted

DR. COLLINS: the liability under the amendments for individuals who answer questions, he wanted that struck out. Well, he may have a point there, but that is a point that will be settled when the Charter of Rights addresses such issues. That liability or that requirement to answer has been in our act for a long period of time, and I think it would be more sensible for us to await the final disposition of the Charter of Rights before we piecemeal take things out which may not really be required to be taken out depending on the judgements that come down under the Charter of Rights.

So, Mr. Speaker, with those words of explanation, I move second reading.

On motion, a bill, "An Act To Amend The Retail Sales Tax Act, 1978", read a second time, ordered referred to a Committee of the Whole House presently by leave. (Bill No. 87)

Motion, second reading of a bill, "An Act To Authorize The Lieutenant-Governor In Council To Enter Into An Agreement With British Newfoundland Corporation Limited And N.M. Rothchild & Sons Limited And Brinco Mining Limited". (Bill No. 90)

MR. SPEAKER (AYLWARD): The hon. the Minister of Mines.

MR. ROBERTS: What is the bill number?

MR. DAWE: Number 90.

Mr. Speaker, if I might be allowed just before I begin, I have some information I indicated I would make available to the Leader of the Opposition (Mr. Neary). I apologize, because I think a couple of days ago I indicated I would also let him know about the dates the Auditor General wrote and I responded. I received the

MR. DAWE: information from the Auditor General on the 18th of November -

MR. NEARY: The 18th?

MR. DAWE: November 18th. And a reply went back to him on December 2nd, which was, I believe, exactly two weeks, Friday to Friday.

The other information, the initial two comments that he made with regard to the department were about a month earlier. Sometime about the middle of October we received the first two comments that he put in the thing, and then he came back on the 18th. of November with an additional comment.

MR. RIDEOUT: That is on the other two items now, not on this item right?

MR. DAWE: Not on this item, on the two -

MR. NEARY: On the ferry?

MR. DAWE: No, no. No, no.

The only query from him from on the 18th. of November as it relates to that.

MR. ROBERTS: What is this 42 (a) (b) and (c)?

MR. DAWE: Yes.

MR. RIDEOUT: That is where it came from.

MR. DAWE: Mr. Speaker, the question about the ferry vessel as it relates to items that the department took from the vessel before it went to Marystown: There were six life rafts and they have been dispersed to the other ferry boats in the system. There were fifty-seven life jackets, which are in the stock room in Grand Falls. There were fifty-two chairs and thirteen tables from the cafeteria and there are seven chairs left in the stock room at Grand Falls. The other tables and chairs have been signed out to the various other facilities that the department

MR. DAWE: owns, some of the depots,
some of the other offices.

MR. NEARY: Any in private homes?

MR. DAWE: Certainly not that
I am aware of. There was one deep freeze, Mr. Speaker,
and that is in the stock room in Grand Falls. There
was a large conference table and that conference table
is in the conference room down at the White Hills. There
were twenty-four tables, sixty inches by thirty inches,
which are in the stock room at Grand Falls. There were
twenty back-to-back benches. They are in the stock room
at Grand Falls. There were eight wall benches, which
are in the stock room at Grand Falls. And fifteen drink
coolers -

MR. ROBERTS: Wall benches?

MR. DAWE: Wall benches. Fifteen
drink coolers are also in the stock room in Grand Falls.

MR. NEARY: Nothing has been sold
or given away privately?

MR. SIMMS: He just gave you the answer to that.

MR. RIDEOUT: Another bit of innuendo.

MR. DAWE: No. There has been
nothing sold and there has been nothing given away.

Everything that was gathered up by the officials became
part of the inventory in the stock room in Grand Falls
and subsequently signed out to other branches of the
department.

MR. ROBERTS: Was there anything
removed from the ferry before? Is there any possibility
anything could have been taken before the ferry went to Marystown?

MR. DAWE: The only thing I can say
is there is a possibility that anything could have happened,
I suppose, yes.

MR. ROBERTS: But are you aware of anything
before the ferry went to Marystown?

MR. DAWE:

No.

Mr. Speaker, if I may now get back to the bill: Since 1953 the original agreement with Brinco has been changed ten times, I believe, on occasion and it has been done to facilitate certain exploration activities of that particular operation. In this particular instance, the company came to the department and indicated that they had certain partners that they wished to enter into exploration programmes with. Their agreement was about to expire and they were looking for some concessions as it related to that so that they could continue with exploration.

MR. DAWE:

And in times when exploration dollars are not as available as they have been in the past, certainly it has been an opportunity for the department to, at the same time, encourage that exploration activity and also to try and get back some lands that the company were not indicating that they would continue to explore in, so that we could make that land available to other interested parties for exploration purposes. And essentially, Mr. Speaker, these amendments will take care of both those activities. One, it will allow the department to have more land available immediately for exploration activities, and it will permit the company to carry on exploration activities in lands and leases that they have where they have identified where there is a high potential, where they have interested venture partners, and where they will be able to do some exploration within the Province within the next number of months.

It also provides, Mr. Speaker, from government's point of view that once a company decides to go with and stake claims on land that they have available to them they will come out of the agreement and will become part of the Mineral Acts for taxation purposes and so on. Mr. Speaker, there is not really much else, only in the fact that it also states that the company will not be subject to any extraordinary taxes and they will be treated essentially the same as any other exploration company which engages in activity in the Province.

MR. SPEAKER (RUSSELL):

The hon. member for the Strait of Belle Isle.

MR. ROBERTS:

Mr. Speaker, the minister's articulate and thoughtful explanation has convinced us, I think. And my friend, the Leader of the Opposition (Mr. Neary), and I

MR. ROBERTS: came as doubting Thomases but the minister's eloquence and his articulateness as opposed to his artifice have convinced us -

MR. NEARY: More so than the Minister of Finance.

MR. ROBERTS: Well, the Minister of Finance is filled with artifice.

MR. BAIRD: Be nice now.

MR. ROBERTS: I am being nice.

If I said what I really think it would be very unparliamentary. He is filled with artifice and not artlessness whereas the Minister of Transportation (Mr. Dawe) is an artless minister. I do not mean heartless, I mean artless. The Minister of Finance is heartless with an 'h' as well as filled with artifice. A number of my friends throughout the Island would say the Minister of Finance is 'artless. And I would say the Minister of Transportation is artless but in the case of the Minister of Transportation he has not got an 'h' whereas the Minister of Finance does have an 'h' but not a hope.

MR. BAIRD: Relevancy, Mr. Speaker.

MR. ROBERTS: It is very relevant, Sir. If Your Honour will look you will find on page 9 where it says "to recover all costs which, in accordance with good mining, business and accounting practices, are referable to the evaluation, design, development, construction, operation and close-down of the Kitts-Michelin project." Obviously the fact that the Minister of Finance is heartless - it is like the fellow who went around the bay, you know, the train conductor, and he called out 'ollyrood.' Somebody said, "What do you mean, 'ollyrood? It is Hollyrood". "No," he says, "it is 'ollyrood. We picks up the 'h' at Havondale."

MR. ROBERTS:

Well, the Minister of Finance (Dr. Collins) is hartless with a 'h' whereas the Minister of Transportation (Mr. Dawe) - well, is he Minister of Mines? He cannot be. He is not the Minister of Mines. He is the Minister responsible for Mines. The President of the Council (Mr. Marsahll) has usurped the Mines and Energy portfolio.

Two comments: Number one, just a very general observation: What are Rothchilds doing in this agreement? Do Rothchilds hold any interest now in the Brinco corporate set-up? I understood that the Canadian group which traces back its ownership to the Richman Brothers, the very well known group - I believe there are three of them in Toronto, who also, if you go up the line, own Price. Abitibi-Price, if you go up the line, is controlled by these three gentlemen who came to Canada some thirty years ago, thirty or forty years ago, as penniless or impecunious, and by dint of extraordinarily hard work and extraordinary skill and possibly some good fortune have made an immense fortune in the land of the brave and the free, and they have done it very well. And they now have extensive interests in this Province through the Abitibi-Price companies which they control, they own. If you go back up the corporate line far enough, they own them and they own Brinco.

So maybe the minister could tell us what Rothchilds are doing in it. My understanding is that the Rothchilds have long since disposed of their interests in the Brinco operation. Secondly, let it

MR. ROBERTS: just be recorded that BRINCO, for all of the many harsh things that have been said about it, was a great concept. And I am not going to review the history of the great imperial concept, we have all heard about that and read about it many times, but BRINCO was a great concept, and the BRINCO corporate entity has served this Province well; it has attracted some first-class talent, men who worked with BRINCO. I keep think of men like Don McParland, Donald Gordon, Bill Mulholland, who is now the only one of these three men left alive and is now, I think, Chairman and CEO of the Bank of Montreal. The BRINCO company attracted, held and brought to this Province men of surpassing talent.

Other than that, the bill itself, as the minister says, simply provides for enactment into law an agreement which is like many of the mineral agreements, it provides that BRINCO shall shed certain areas and gives BRINCO certain concession rights in respect of other areas. We have no objection to it, Sir, we are quite prepared to see it adopted by the House.

MR. SPEAKER(Russell): If the hon. minister speaks now he closes the debate.

MR. DAWE: The hon. the Minister of Mines and Energy.

MR. DAWE: Mr. Speaker, as it relates to the involvement of Rothschild, they are partially involved, but certainly not to the extent that have always been.

MR. ROBERTS: Do they still hold shares in it?

MR. DAWE: There is some connection, but it is very, very minimal. I think it is a matter if just having their names still on the books, if nothing else, as it relates to this.

MR. ROBERTS: They were party to the agreement.

MR. DAWE: Yes. I think that basically for the purposes of this particular agreement, that is about all their involvement in it. Mr. Speaker, I would like to move second reading.

On motion, a bill, "An Act To Authorize The Lieutenant-Governor In Council To Enter Into An Agreement With British Newfoundland Corporation Limited And N.M.Rothchild And Sons Limited And Brinco Mining Limited", read a second time, ordered referred to a Committee of the whole House, presently, by leave. (No.90).

On motion, that the House resolve itself into Committee of the Whole on certain bills, Mr. Speaker left the Chair.

COMMITTEE OF THE WHOLE

MR. CHAIRMAN(Aylward): Order, please!

A bill, "An Act To Amend The City Of St. John's (Loan) Act, 1978". (Bill No. 60).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act To Amend Certain Acts Respecting Government Departments To Provide The Power For Ministers To Enter Into Agreements Subject To Specified Terms And Conditions". (Bill No. 19).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act Respecting Certain Powers Of Appointment". (Bill No. 62).

Motion, that the Committee report having passed the bill without amendment, carried.

A bill, "An Act To Amend The Retail Sales Tax Act, 1978". (Bill No. 37).

On motion, clauses 1 through 12, carried.

MR. MARSHALL: Mr. Chairman, if you would call clauses 13 and 14 I would move that clauses 13 and 14 of bill No. 87 be struck out and the following substituted:

MR. MARSHALL: Is it necessary for me to read it?

MR. ROBERTS: No, I have the wording here.

MR. MARSHALL: We can waive reading. The amendment is presented here to sections 13 and 14.

Shall the amendments to clauses 13 and 14 carry?

MR. ROBERTS: Mr. Chairman.

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

MR. ROBERTS: Mr. Chairman, they are obviously going to carry. Unlike the Minister of Finance (Dr. Collins), I can count those present in the House and the three of us who represent the powers of right and light and probity over here are going to be out-voted by the more than three opposite.

I will not detain the Committee, what I had to say I said in second reading, and the minister regrettably, in my view, continued to show that he is pigheaded.

AN HON. MEMBER: Big-hearted.

MR. ROBERTS: You know, the minister really ought not to speak on these things because by speaking he reveal what had hitherto been kept secret, which was that he did not understand what a lot of this is about. We are against the amendments. The original act was bad, it was bad policy, bad law, bad administration by a bad minister, in my view; the minister in this sense is a very bad minister. The new amendments correct the badness in the original draft but go too far the other way; we are now making it easier for directors to get away from their responsibilities. I will not repeat what I said in second reading because I am simply throwing pearls before swine, in the old adage, but I would say to the minister this is a bad act, these amendments are bad, and he should be ashamed of himself, in

MR. ROBERTS: my view, for sponsoring them. They will have to be changed at some point, I have no doubt they will be changed, and hopefully they will be changed quickly because the public treasury of this Province is the one that will suffer from these amendments becoming law. We are against them, Sir.

DR. COLLINS: Mr. Chairman, the hon. the member for the Strait of Belle Isle (Mr. Roberts) says there is only one person in this House who can understand an act and that that is he, and anyone else who tries to bring in anything is totally in the dark, is totally ignorant, and does not know what they are doing and all the rest of it. Of course, I cannot convince the hon. gentleman otherwise, but I will just say, for one, I reject that and I think that most other people in the House, even people on the opposite side, will reject that.

The reason for Committee, Mr. Chairman, is to bring in amendments that sort of came up after consultation with people who read the act after it was circulated. In this particular instance, when the act was circulated there were a number of individuals, including the Board of Trade but not only the Board of Trade, the Institute of Chartered Accountants quite properly made representations,

DR. COLLINS:

made suggestions about the act. We considered them. We did not take all their suggestions, we took the ones that seemed to us, and I include in this our advisors, not only in the Department of Finance but also in the Department of Justice, to make sense. We told them, regrettably, that others that they wished to have in we did not feel were appropriate, we felt that we could not include them. So I think that the amendments to the amendments improve the original drafting, which was good in its own right, but the present amendments to the amendments clarify the intent of the original amendment and also add to it in a very equitable fashion. So I support the amendments to the amendments.

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

MR. ROBERTS: Mr. Chairman, I am not going to attempt to lead the minister to light. That is beyond anybody's powers and certainly beyond mine. I would simply say that if anybody ever wants to understand why the Minister of Finance (Dr. Collins) is as bad a Minister of Finance as he has shown himself to be in office, it is that he feels that I am the only one who understands the act. In fact, Sir, the burden is the other way around. He has shown over the years he is the only one in the House who does not understand the legislation, Sir.

On motion, amendment carried.

On motion, clauses 13 and 14 as amended, carried.

MR. NEARY: On division.

MR. CHAIRMAN: It is noted.

Motion, that the Committee report having passed the bill with amendment, carried. (Bill No. 87)

A bill, "An Act To Authorize The Lieutenant-Governor In Council To Enter Into An Agreement With British Newfoundland Corporation Limited And N.M. Rothchild & Sons Limited And Brinco Mining Limited". (Bill No. 90)

Motion, the the Committee report having passed the bill without amendment, carried.

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

MR. SPEAKER (RUSSELL): The hon. member for Kilbride.

MR. AYLWARD: Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report bill no. 60, bill no. 19, bill no. 62 and bill no. 90 without amendment, and bill no. 87 with amendment and ask leave to sit again.

On motion report received and adopted. Bills ordered read a third time on tomorrow. Committee ordered to sit again on tomorrow.

On motion, amendments read a first and second time. Bill no. 90 with amendment ordered read a third time on tomorrow.

Motion, second reading of a bill, "An Act To Repeal The Ferries Act". (Bill No. 83)

MR. DAWE: Who was speaking on that?

MR. ROBERTS: You were.

MR. NEARY: The minister was up on that.

MR. DAWE: You adjourned the debate.

MR. ROBERTS: On what?

AN HON. MEMBER: On the Ferries Act.

MR. ROBERTS: The Ferries Act has not been called.

MR. NEARY:
were talking -

Yes, it was. You

MR. ROBERTS:
no.

I was not speaking on it,

MR. DAWE:

Yes, you certainly were.

MR. ROBERTS:
if I was speaking it was simply to hold the floor open
for my colleague from LaPoile.

Well, then, Mr. Speaker,

MR. SPEAKER (RUSSELL):
Opposition.

The hon. Leader of the

MR. NEARY:

Mr. Speaker, this may
seem like a very simple bill, but what we are doing here
is we are repealing the Ferries Act and really what we
are doing

MR. NEARY: is nationalizing or provincializing, I suppose, is a better word, provincializing the ferry transportation system in this Province as it applies intraprovincially, ferries operating from a point within the Province to another point in the Province.

Now, Mr. Speaker, in order to do that the administration there opposite had to make some purchases of ferries. I believe before we pass this bill that the Minister of Transportation (Mr. Dawe) should give us a comprehensive, detailed statement of what ferries were purchased and how much was paid for these ferries. I think we were talking here about two types of ferries, Mr. Speaker. We are talking about ferries that were purchased overseas, ferries that were purchased in the Scandinavian countries, new ferries that were brought in here, and then there were ferries already in place that were purchased by the administration.

MR. DAWE: That is the same question that the member for the Strait of Belle Isle (Mr. Roberts) asked me.

MR. NEARY: Well, do you have the answer?

MR. DAWE: Yes.

MR. NEARY: Well, that is good, Mr. Speaker. I am glad the hon. gentleman has the answer to that question because we are told that in one instance one of the operators made \$1 million, a cool million in that transaction. He paid \$250,000 for a ferry, a quarter of a million or a couple of hundred, \$250,000 and the government paid \$1,250,000, we are told. Now we will know the answer soon when we get the answer from the hon. gentleman. A cool million in a matter of a couple of years is not bad, Mr. Speaker.

So, we look forward to getting that information, a comprehensive, detailed cost of what the acquisition of ferries have cost the taxpayers

MR. NEARY: of this Province, cost the public treasury since the government has taken over the operation of these ferries in this Province.

Now, Mr. Speaker, we would also like an explanation from the minister as to what the administration is doing to upgrade the Bell Island ferry service. As hon. members know, there have been a number of complaints in recent months concerning the operation of the ferry service between Bell Island and Portugal Cove, a service, I might say, that I am very familiar with, that I travelled on most of my life, that ferry service between Bell Island and Portugal cove. And I know, Mr. Speaker, that operation like I know the palm of my hand. I noticed also, by the way, in the presentation that the concerned citizens group on Bell Island made to the Electoral Boundaries Commission, they asked to have Bell Island put back as a separate district because they have no community of interest with the -

MR. CARTER: Why did you run away from Bell Island?

MR. NEARY: Mr. Speaker, if the administration would just put that back as a separate district the hon. gentleman would get his answer in short order.

MR. CARTER: Why did you run away?

MR. NEARY: Mr. Speaker, why did the administration gerrymander the report on electoral boundaries submitted by the late Judge Higgins? If the hon. gentleman can answer the question of why they did not accept the recommendation of Judge Higgins and the government decided instead to gerrymander the boundaries -

MR. SPEAKER (RUSSELL): Order, please!

MR. SPEAKER (RUSSELL): I will state two things; that the hon. Leader of the Opposition (Mr. Neary) does have the right to be heard in silence, but he is straying somewhat from the principle of this bill.

MR. NEARY: Anyway, Mr. Speaker, I will come back to the Bell Island ferry service. There are numerous complaints. I have had them. The member for the district has had them. There have been meetings with the Minister of Transportation (Mr. Dawe) and his officials, numerous complaints about that ferry service. And the people are patiently waiting for word from the minister as to what is going to be done to improve and upgrade that service. The people want two ferries on at Christmas time, at peak periods, and they want two ferries on during the Summer months. And they want more trips and want one of the ferries to operate on a load-and-go basis, Mr. Speaker, so that you will not have large numbers of cars waiting on either side, a back-up of traffic on either side of the Tickle.

Mr. Speaker, a lot of these people who are complaining are commuters who have to get back and

MR. NEARY: forth to the mainland to their jobs and they are doing this at tremendous expense and inconvenience. Sometimes they have to wait for many hours in their cars and in their trucks in Portugal Cove or on the Bell Island side before they get across. Now I understand that this ferry is being operated under a management agreement. Again we have two different kinds of agreements: We have one part of the operation where the administration entered into management agreements with Newfoundland Transportation Company. There are two types of agreements, but I do not remember how the other one works. There is a management agreement and, I presume, a lease purchase agreement. Is that what it is?

MR. DAWE: You mean this thing?

MR. NEARY: Yes, there are two kinds of agreements.

MR. DAWE: There are three ways the ferry boats are being operated.

MR. NEARY: All right, give us the three ways and tell us how much it is costing for these various agreements.

MR. DAWE: I will when I close debate.

MR. NEARY: Okay. That will be fine,

Mr. Speaker.

Now getting back to Bell Island again for a moment, as everybody knows The John Guy was built by the Department of Transport of Canada and it was turned over to the Newfoundland Transportation Company to operate on the Tickle. That ferry boat, I would

MR. NEARY: say, is twenty-two or twenty-three years old, Mr. Speaker, and we understand that the engines in The John Guy are not in very good shape and that boat needs to be replaced. I believe it was built, by the way, by a Tory government in Ottawa. I am not sure now.

PREMIER PECKFORD: That boat was built by George Hees and put there by the Diefenbaker government.

MR. NEARY: I know the Provincial Liberal administration did the spade work and the ferry was on the drawing board. When the government changed back in 1959, the ferry was already on the drawing board. The federal Department of Transport had already progressed to the stage where they were almost ready to call tenders when the government changed, and then the Diefenbaker administration carried on and got the ferry built and it was turned over to the Newfoundland Transportation Company to operate at a tremendous subsidy, I might add, the subsidy from the Government of Canada. I believe when the government changed back in 1972 in this Province the subsidy was well over a \$1,000,000, it was about a million and a couple of hundred thousand dollars, which was a pretty heavy subsidy in those days, Mr. Speaker. But even with that heavy subsidy, the people of Bell Island did not get the ferry service that they should have had. Now The John Guy is old -

MR. HISCOCK: They sold it for \$1.

MR. NEARY: They sold what for \$1?

MR. HISCOCK: The John Guy.

MR. NEARY: They sold The John Guy for \$1.

Well, I do not see anything wrong with that when you take into account depreciation and so forth over a period of twenty-two or twenty-three years.

The John Guy needs to be replaced and needs to be replaced badly. Now, Mr. Speaker, we hear

MR. NEARY: all kinds of complaints from Marystown these days about not having any contracts down there. Why, Mr. Speaker, why do we have to go to Norway, Sweden and Denmark to buy these ferries? Why?

MR. POWER: We know what we need.

MR. NEARY: We know what we need? Why can we not get them built here in Newfoundland in our own shipyard by people who know what they are doing and can design the kind of a ferry boat that can be more seaworthy than the ones they bring over from the Scandinavian countries? I am always frightened to death when I got on The Catherine. Now she may be seaworthy, she may be perfectly safe, I do not know. Maybe it is because I am not used to sitting up on a high deck, but I guarantee you one day last year when she was coming out of Bell Island on the 10:30 trip at night she went into a roll that I did not think she was going to get out of and I guarantee you I got the fright of my life.

MR. CALLAN:

You mean you were not ready to die?

MR. NEARY:

No, I was not ready to go,

Mr. Speaker. I mentioned it to the captain -

MR. MARSHALL:

Could I interrupt the hon. gentleman for a moment?

MR. NEARY:

Sure, boy!

MR. MARSHALL:

I just want to advise hon. gentlemen that the hon. gentleman (inaudible) he has to go out because of pressing government business. If there are questions I know the member would like to be able to respond if possible before the end of the sitting. I just draw it to the members' attention.

MR. NEARY:

Well, we will give him five or seven minutes.

Mr. Speaker, look, the fact of the matter is what I am leading up to really is safety. We have just seen the administration bring in a set of guidelines for safety on offshore rigs. Mr. Speaker, do we have any guidelines for safety on these ferries that are being operated? Are there any guidelines?

MR. MARSHALL:

Good heavens, yes, there is.

MR. NEARY:

There is. The minister says 'Good heavens, yes, there is'. Well, I have not seen the guidelines. I would like to see them.

MR. WINDSOR:

The federal government handles all of these.

MR. NEARY:

Oh, the federal government handles all of that. Most of the time, Mr. Speaker, the decision is made by the captain of the ferry as to whether she operates or whether she ties up -

MR. NEARY: Mr. Speaker, I understand that one time last year The Hamilton Sound drifted considerably in heavy seas, just skimmed over the water. I understand that the ferry operating at Little Bay Islands was on drydock and they put too much ballast in the bow and the blades were out of water and as a result the ferry started to leak in the shaft.

AN HON. MEMBER: No, that is not true.

MR. NEARY: The hon. gentleman says no, it is not true. Well, the people down in Little Bay Islands told me that it was true. The ferry was tied up and had pumps on her.

Mr. Speaker, I tell you, one of those days there is going to be a disaster with some of these ferries. They are not designed or built to withstand the storms that we have in this Province. Some of them were built for cruise boats. One of these days we are going to have a disaster if we do not watch ourselves.

MR. CALLAN: One of these days it will be too late to watch ourselves.

MR. NEARY: That is right. One of these days it will be too late. Mr. Speaker, we should have pretty stiff guidelines regarding safety on board these ships. I will tell you this: I do not know if they do it now but I can vouch for the fact that in my lifetime I saw a ferry operating for a good many years and they did not even lower the lifeboats only when they went on drydock. There was no lifeboat drill aboard of these boats. Passengers are not told to this very day what to do in case of an emergency. You go aboard the ferries at your own risk, at your own peril, Mr. Speaker. There is no lifeboat drill. Passengers are not advised what to do in case of an emergency. It is a pretty serious situation, Mr. Speaker, and I would like to hear the minister tell me what the guidelines are for these ferries.

MR. NEARY: These boats are not designed for the kind of weather and the storms that we have here in Newfoundland and Labrador. They are not designed, they are not seaworthy, Mr. Speaker, they are not seaworthy boats and if we do not be careful we are going to have a disaster. If these boats are not upgraded or replaced quickly, Mr. Speaker, I regret very much to have to say it, but I guarantee you that it is a time bomb out there ticking away, and I am not trying to be an alarmist. I have travelled the Tickle I suppose as much as anybody and I guarantee you that with the shape the engines of The John Guy are in, if anything happens and there is no standby ferry around. Mr. Speaker, then the hon. gentleman will not tut, tut, tut.

These boats that they purchased are not seaworthy and they know it.

MR. WINDSOR:

Says who?

MR. NEARY: Mr. Speaker, we saw it with the Green Bay Transport. That ferry had to be tied up, laid idle, was turned down by the Canadian Steamship inspectors. Mr. Speaker, the boat was turned down by the Canadian Steamship inspectors and the owner was told unless he spent considerable sums of money to refurbish the boat, to upgrade it, that it would not be allowed to operate.

MR. DAWE: That had nothing to do with the seaworthiness it had to do with the fact -

MR. NEARY: Some of these ferries, Mr. Speaker, are almost flat bottomed boats.

MR. HISCOCK: And when they start replacing them then they will find out where their faults are.

MR. NEARY: Yes. They should start in immediately and replace these ferries.

They have taken over the ferry service, they have nationalized it. Now, Mr. Speaker, let them do what they are supposed to do and that is to provide people with comfortable, safe, seaworthy ferries at as early a date as possible. I know they have paid an arm and a leg. When the hon. gentleman gets up and reels off the figures, as I expect he will, it will knock your eyeballs out to see what it has cost so far for the Province to nationalize the ferry service.

I am going to take my seat now but I would like to spend an hour, or the rest of the time that I have, on the Green Bay Transport, but I think we have thoroughly debated that matter in the last two or three days in this House. We will be back at it again. The hon. gentleman gave us a list of the inventory, the things that were taken off that ferry before it went to Marystown. Mr. Speaker, we understand that the ferry was cannibalized and a lot of things

MR. NEARY: taken off that ferry are not accounted for, so we will be doing some further investigating into that matter as some of the items found their way into private homes. The hon. gentleman did not know earlier that the fixtures and so forth were in his own depot in Grand Falls until I told him about it.

MR. DAWE: I just said I understood that we took certain things off and I mentioned about benches and such other stuff that you need on a ferryboat. But I do not have that kind of detail, the number of chairs and that sort of thing.

MR. NEARY: Okay. That is fine, Mr. Speaker, we will follow up on this matter. In the meantime, we will also be getting back at the Green Bay ferry service.

MR. CARTER: Are you suggesting wrongdoing?

MR. NEARY: No, I am not suggesting wrongdoing, I am just suggesting somebody had sticky fingers.

MR. DAWE: Name him. The Minister of Justice (Mr. Ottenheimer) would be interested in that.

MR. NEARY: Yes, he would. And all he has to do is not look too far away from him either.

Mr. Speaker, having made these few remarks, I look forward to what the hon. gentleman has to say in connection with the takeover of these ferries.

MR. HISCOCK: Mr. Speaker.

MR. SPEAKER (Russell): The hon. member for Eagle River.

MR. HISCOCK: I think that this is retrogressive legislation. We have a Conservative government that is nationalizing private industry in this Province. The owners of private ferries now are against it. We hear all the time ministers saying that we do not have enough money. When we have to start replacing these ferries, when we have to start repairing the wharves and the docks and other things that are needed down the

MR. HISCOCK:

line, we are going to find that we have taken on something that we probably can probably end up flying our Newfoundland flag on and have our flotilla, but in the meantime I, for one, in this House will be voting against this legislation. I find that too often that government is getting in to areas that they should not be getting in to and this is a perfect example.

MR. SPEAKER (Russell): If the hon. minister speaks now in closing the debate.

MR. DAWE: Mr. Speaker, I really would have liked to have time to answer some of the questions. Obviously the last member who spoke does not understand the system and certainly does not understand this particular bill which is before the House today which repeals the Ferry Act which provided

MR. DAWE: for a franchise operation and the only one undertaken under this franchise was the Bell Island operation. It was ever judged to be redundant by the administration which brought it in because it never enacted it for any of the other ferry operations. It gave an exclusive monopoly to one company in perpetuity to operate a ferry service, and the hon. member is objecting to the Province taking steps whereby that ferry operation can be brought into line with the others that we have operating.

The fact of the matter is that under the old arrangement that we inherited from the federal government, the capital cost, the principal, the interest, the insurance, the refit costs, every cost associated, management fees, every single cost associated with the operation of the ferry was done through a subsidy system. So the operators of the vessels not only had their boat paid for by the taxpayers through subsidies, but at the end of a long-term contract could essentially tell government, who wanted to operate the service, if it was a ten year contract or a fifteen year contract. They could essentially tell the government when that contract expired, 'Well, sorry, we do not want to operate the service anymore. We are going to sell it to someone in Vancouver or someone in Hong Kong and you can whistle Dixie for the ferry operations or enter into another long-term contract with us'. That was the situation we were faced with.

So to counteract that, two years ago, two and a half years ago, we brought in measures, after a study that was done, and the policy of

MR. DAWE: this government is to eventually own all the vessels in the ferry system. There were a number that were identified as being inadequate. Every service, apart from Change Islands, was identified as being inadequate either because the vessel was undersized or because the service was not meeting the demands of the people on the Island. Since that period of time, Mr. Speaker, we have purchased or own now five vessels in the system, the Inch Arran which was brought from New Brunswick for a total cost, and this includes the refit cost and so on, \$300,000; the Sound of Islay, which is the one now operating on the South Coast, bought from Western Ferries Limited in Scotland for \$685,000; the Fivla, which is now the Island Joiner, was bought from the Shetland Islands at \$331,000; the Hamilton Sound, which points out the situation which I just mentioned, a vessel whose principal and interest were paid for out of a subsidy. We were in a situation where we needed a vessel. The only one that could be identified through brokers or through anything else was the Hamilton Sound itself because it was operating in that service. After appraisals were done and we negotiated a price, it still cost us \$1 million for that particular vessel, even though through subsidies through the years -

MR. NEARY: How much did the owner pay for it?

MR. DAWE: I do not know what the original cost was but whatever it was essentially the taxpayers, through subsidies, through fares charged to the people paid for it, and at the end of the contract time the owner wound up with an asset worth \$1 million. And the Province was in a position to operate a ferry service there of having to go outside somewhere and buy another vessel or to

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MR. DAWE: negotiate a price
with the owner for that one, because it was his vessel
and he could do what he like with it. And he indicated
that he did not want to operate the service any longer
and that he was going to sell it, and she was up for sale.

MR. NEARY: How much did you pay
for it?

MR. DAWE: \$1,056,000.

MR. NEARY: That is about \$750,000

to much.

MR. DAWE: The other vessel, Mr.
Speaker, and I guess it is worth noting, is the John Guy
itself which was transferred from the federal government
to the provincial government for the sum of one dollar,
which, according to the Leader of the Opposition (Mr. Neary),
was all right. But when the Province transferred the vessel
for one dollar from itself to a provincially owned Crown
corporation it was not all right. So I fail to see what
the particular difference was in that transaction. Mr.
Speaker, the John Guy -

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

MR. SPEAKER (RUSSELL):

Order, please!

The hon. Leader of the
Opposition on a point of order.

MR. NEARY: The hon. gentleman should
realize that the John Guy has been operating for twenty-
three years. The ferry that cost \$1.6 million did not
operate two and a half years out of the three.

MR. SPEAKER:

To that point of order,

that is not a valid point of order.

The hon. Minister of

Transportation.

MR. DAWE:

Mr. Speaker, I would certainly like to continue and compliment the staff of my department for what has been done over the past number of years, and some congratulations to the administration for what we have been able to

MR. DAWE:

accomplish in a very short period of time, which was improving every single service, Mr. Speaker.

MR. NEARY:

What about the John Guy?

MR. DAWE:

The John Guy is presently

being refitted with a new block to improve her capabilities over the next number of years. And you are right, the John Guy itself will have to be replaced in the not too distant future, in the next five or six years. The dollar that we had to pay for the vessel is certainly more in the long run than that particular vessel may be worth.

MR. NEARY:

Are we going to stop the

clock?

MR. SPEAKER(Russell):

Is it agreed to stop the

clock for a few minutes?

Agreed.

HON. MEMBERS:

As it relates to safety on

MR. DAWE:

the vessels, each and every vessel that operates in Canadian waters has to meet specific CSI standards as it relates to the capacity of the vessel. The kind of water that that vessel operates in is identified, whether it is rough or so on.

The best ferryboat that we have in the system right now operates on the longest run, and that is between Ramea and Burgeo, and it was identified to be perhaps the most seaworthy, or the most capable of handling rough seas in the whole system. But CSI, for instance, will not allow us to take the Island Joiner, for instance, and move that ferryboat into the Ramea/Burgeo run because of the capabilities or lack of capabilities for that particular vessel to operate. It sets the standards for the carrying capacity, both vehicular capacity and passenger capacity, it sets the standards as it relates to the mechanical capabilities of the vessel. It does all that sort of thing.

MR. DAWE: There is a regular CSI inspection; each vessel is required to come in for an annual refit on a yearly basis. CSI are down there in the dockyard, or in Marystown, wherever the vessel is corrected, and inspects the whole operation of the vessel: Checks out the lifeboats, does everything, checks fire walls to make sure that the vessel is fire-proof. All the safety factors, Mr. Speaker, are in the hands of CSI who seem to be doing a very creditable job. We are meeting CSI standards and exceeding them, Mr. Speaker, in most cases. I move second reading.

SOME HON. MEMBERS: Hear, hear!

On motion, a bill, "An Act To Repeal The Ferries Act", read a second time, ordered referred to a Committee of the Whole House on tomorrow.

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

MR. MARSHALL: Mr. Speaker, before moving the adjournment of the House, I understand that with agreement tomorrow we can dispense with Private Members' Day.

MR. NEARY: Yes.

On motion, the House at its rising adjourned until tomorrow, Wednesday, December 21, 1983, at 3:00 p.m.