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**VERBATIM REPORT**  
*(Hansard)*

*Speaker: Honourable P.J. McNicholas*

Monday

4 July 1988

The House met at 2:00 p.m.

MR. SPEAKER (McNicholas):  
Order, please!

### Statements by Ministers

PREMIER PECKFORD:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the Premier.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:  
Mr. Speaker, the hon. members of the Opposition continue to do government a favor by bringing up the topics of the Province's unemployment rate and the topic of economic performance in speeches, comments to the media and most recently, on Private Members Day last week. It is a favor because it provides us with another opportunity to outline the tremendous gains, on all fronts, that are being made in Newfoundland and Labrador.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:  
It must, understandably, be demoralizing for the Opposition when they have a new, high-priced Leader, that they see the policies of the government successfully pulling the Province from the recession of the early to mid 1980's and leading us to unprecedented economic achievements. I applaud them for their pluck and tenacity. Their efforts to misconstrue and obfuscate the gains being made, however, border on the irresponsible and demonstrate new

highs in negativity in the face of progress.

Take, for example, their repeated reference to labour market statistics included in the "Labour Bulletin" compiled by the Department of Labour for the first quarter of 1988. This bulletin is intended to provide both business and labour with collective bargaining information and announcements of new activities and programs in that department. It is not intended as an indicator of economic activity in the Province, as the Opposition so misleadingly have used it.

Yet, even if we look at the statistics included in the bulletin, the deception the Opposition are undertaking is clear. The wonderfully damaging figure used repeatedly is that the unemployment rate rose between January and March of 1988 from 19.6 to 21.9 percent. What is also included in the bulletin, but which is conveniently ignored by the Opposition, is that employment rose by 4,000 or 2.3 percent from January to March.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:  
The reason the unemployment rate increased was that an even greater number of workers, 12,000, joined the labour force to search for a job.

Demonstrating how out of touch they are with the reality of employment in the Province, the Opposition seem unaware - as every Newfoundlander knows - that the Spring is when fishermen and plant workers, loggers, construction workers, service workers in the tourism industry, all re-enter the

workforce. Our economy is largely seasonal, and it demonstrates little to compare one month to the next in the same year.

A more revealing and relevant basis, Mr. Speaker, for comparison is to compare the same month from one year to the next, when the same seasonal characteristics are at work. When we compare March, 1987 to March, 1988, we see that the labour force rose by 11,000 or 4.1 percent, employment rose by 12,000 or 7.3 percent and the unemployment rate fell by 2.5 percentage points, from 24.4 percent in March, 1987 to 21.9 percent in March, 1988. The seasonally adjusted unemployment rate was, of course, much lower.

In fact, during the first five months of this year the seasonally adjusted unemployment rate was 17.6 per cent, the lowest recorded for this period since 1983.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:

This was on the strength of employment levels in the first five months of 1988 that were the highest ever recorded in the Province. Seasonally adjusted employment was 194,000 and unadjusted employment approximated 180,400 on a monthly average basis.

The decline in the unemployment rate is even more significant, Mr. Speaker, in light of the fact that the labour force (adjusted and unadjusted) has increased to the highest levels ever recorded in Newfoundland and Labrador. As more people enter the labour force, with optimism based on the strength of the increased economic activity generated over the last two years, the Province's

participation rate reached its highest level ever in 1987 - 53.1 per cent. More people are entering the workforce than ever before and more people are being employed than every before.

To argue that the unemployment rate is falling because of out-migration, as the hon. the Leader of the Opposition has been trying to do, is, in light of these figures, completely unjustified. In fact, compared with the "Halcyon Days" of Liberal government in this Province, net migration has decreased by half.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:

From 1961 to 1966, net migration totalled close to 24,000 and from 1966 to 1971 - during which time the hon. the Leader of the Opposition was a member of the Smallwood Cabinet - it jumped close to 29,000, Mr. Speaker.

SOME HON. MEMBERS:  
Oh, oh!

PREMIER PECKFORD:

In the economic boom and outburst of optimism that came in the wake of the Liberal government's fall, net migration dropped to less than 1000 from 1971 to 1976; and from 1976 to 1981 it went back up to close to 20,000 and from 1981 to 1986 - under the current administration - it dropped to under 15,000.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:

If we wish to locate the source of the Province's sluggish population growth, that the Leader of the Opposition talks about, an

increase of less than a 1000 from 1981 to 1986, it is more useful to study our declining birthrate. While net migration was some 10,000 more from 1961 to 1966 compared to 1981 to 1986, the birthrate was 55 per cent lower in 1986 than it was in 1966. Our net migration was lower, but our birthrate was lower. From 1961 to 1966, there were over 75,000 births in the Province; from 1981 to 1986 there were 44,000, from 75,000 down to 44,000. There is your reason for a stagnating population, Mr. Speaker, the same as for industrialized nations throughout the Western world.

The Newfoundland and Labrador economy still suffers from an unemployment rate that is unacceptably high. Everybody in the Province agrees with that. We have nevertheless made tremendous gains from the disastrous rates reached during the recession. In 1987, more people had jobs than at any time in the Province's history. More people had jobs in 1987 than at any time in the Province's history.

SOME HON. MEMBERS:  
Hear, hear!

PREMIER PECKFORD:  
It is still not good enough, but it still indicates something. We are making unprecedented strides on all fronts and we have good reason to expect this progress to continue.

For those who might be confused by the misguided ravings of the Opposition, Mr. Speaker, do not just rely on my statements. Verify them yourselves, as I say to the media, with Statistics Canada, the Economic Council of Canada, the Investment Dealers Association of Canada, the

Newfoundland and Labrador Economic Council. Better still, ask those involved in our tourism industry, in our transportation industry, in our construction industry, in our forestry, mining and the fishery.

This Province is undergoing an economic revival, Mr. Speaker, the strengths of which can perhaps most accurately be measured by the shrillness of the Opposition.

Thank you.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:  
Mr. Speaker.

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

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:  
Mr. Speaker, we have just witnessed a classic manifestation of a government on the run.

MR. TULK:  
Right on.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:  
They have got to stand in the House and substitute announcements and ministerial statements on government policy and for that they have got to substitute criticism of the Opposition.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:  
And they have got to put down resolutions that criticize the

Opposition, a government desperately on the run, taking to their heels.

SOME HON. MEMBERS:  
Hear, hear.

MR. WELLS:

Mr. Speaker, the Premier can take these figures and try and twist them into anything he wants to, but what he cannot do is avoid the bottom line. Let him make these statements to the 18,000 people who have been driven out of this Province in the last three years to earn a living.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:

Tell that to those people! Tell it to the 5,600 people by which our population is decreased, actually decreased, never before since Confederation has our population decreased in any year over year. We are now in the fourth straight year in a row of reduction of population, tell that to those people, Mr. Speaker.

Tell it to the additional 20,000 people on unemployment rolls, in receipt of unemployment insurance, tell it to those people. Tell it to the 30,000 people who have been added to our list of those living below the poverty line. Tell it to those people and see if they believe you.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:

See if they believe that nonsense!

Now, let us take a look at the 'Halcyon Days' of the last Liberal administration to which the Premier refers. Let us take a

look at those 'Halcyon Days' when the unemployment rate was a little over 6 per cent, 2.3 per cent higher than the national average. Today, Mr. Speaker, it is 11 percentage points higher than the national average!

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:

Now let us take a look at those 'Halcyon Days.' Our population was increasing, steadily increasing. The number working were increasing. The number out of jobs was much lower. The whole truth is there.

Look at the bottom lines and you will see the whole truth, Mr. Speaker.

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:

That is what produced the jobs, Mr. Speaker.

SOME HON. MEMBERS:  
Oh, oh!

MR. WELLS:

Mr. Speaker, there are tens of thousands of people in this Province today who are crying for a return to those days and they are going to get it after the next election!

SOME HON. MEMBERS:  
Hear, hear!

MR. WELLS:

Maybe the members opposite do not like it but, Mr. Speaker, it is a clear measure of the policy bankruptcy of this government that they can bring nothing more before this Legislature than a political criticism of the Opposition!

Mr. Speaker, it is time we got rid of the government and let us take the first possible opportunity to do so.

SOME HON. MEMBERS:

Hear, hear!

MR. FENWICK:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

Thank you, Mr. Speaker.

Mr. Speaker, the problems about migration and unemployment are not new. These problems have been with us since about 1830, quite frankly, and except for I think the First and Second World Wars, we never had a period of full employment or a period of any time when we have not had relief or social assistance in significant numbers.

Listening to the Premier and the Leader of the Opposition looking at the same figures, allegedly, and trying to say that one indicates a great economy and the other indicates a terrible economy, reminds me of people in a roller coaster who are going up and down on a roller coaster in which one is saying, look, how -

PREMIER PECKFORD:

On a point of order, Mr. Speaker.

MR. SPEAKER:

Order, please!

A point of order, the hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, if the member for Menihek (Mr. Fenwick) is going to be accurate, going to give a

reasoned response to the statement, Mr. Speaker, well then, he should quote me correctly. I did not say, we had a great economy in Newfoundland, as the member is trying to indicate I said.

MR. SPEAKER:

To that point of order, there is no point of order.

The hon. the member for Menihek.

MR. FENWICK:

Mr. Speaker, in that case, we stand corrected. I just heard the Premier of the Province say, 'We do not have a great economy in this Province.' If that is what he wants to say, well, that is fine.

The point I was trying to make, Mr. Speaker, is this: The economy that we have now is a resource-based economy in which the price of fish, the price of iron ore and the price of paper and the demand for those products pretty well determine what we get.

Last year we had the price of fish almost double. We had the newsprint industry going full out for a full twelve months and the same thing with the iron ore industry. Under those circumstances, Mr. Speaker, we are at the top of whatever cycle we can expect, but that cycle still has 17.5 per cent as the real unemployment rate.

The problem, Mr. Speaker, is not that we should blame each other that we are doing such a great job in terms of the fiscal and monetary levers in order to stimulate our economy, the problem is we should look at our economy and say it is structured in such a

way that when somebody sneezes in Central Canada, we get pneumonia.

The fact of the matter is, when they stop building cars, people in my district stop mining iron ore. When people in the United States stop eating fish at fast food outlets, we stop catching and stop marketing fish, and when there is a recession in the United States in which less paper is consumed, then our paper mills also go down.

The problem with our economy is it is badly structured to weather the vicissitudes of international circumstances and what we need is to change the shape of our economy.

This government has done all it could to try and stimulate it and we have gotten nowhere with it. This Opposition on the other side would do virtually the same thing because it has already said that it is going to continue on with the kinds of policies which will increase the advantages of businesses and so on.

Mr. Speaker, until we can repatriate our economy, until we can get control of it ourselves, until we can direct the way it is on a broad base, we are never going to get away from this roller coaster economy we have now. Whether the Premier says things are getting better, or the Leader of the Opposition (Mr. Wells) says they are getting worse, the fact of the matter is, neither of them have any particularly great answer to diversifying and broadening the economy.

MR. SIMMS:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the President of the

Council.

MR. SIMMS:  
Mr. Speaker, I have a very brief statement to make. I wish to formally advise the House that negotiations respecting a collective agreement between the Newfoundland and Labrador Nurses Union and Treasury Board and the Newfoundland Hospital and Nursing Home Association were successfully concluded over the weekend -

SOME HON. MEMBERS:  
Hear, hear!

MR. SIMMS:  
- on Friday, to be specific. I am therefore very pleased to announce that we have reached a tentative agreement.

The agreement reflects the best possible settlement of all the issues and I want to compliment all the parties to the negotiations for their determined efforts.

The details of the agreement, as members would understand, of course, Mr. Speaker, cannot be released until the membership of the union have been properly briefed. The union executive will be recommending acceptance of the agreement to its members and we will be holding meetings over the next few days to prepare for a ratification vote.

SOME HON. MEMBERS:  
Hear, hear!

MR. TULK:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the member for Fogo.

MR. TULK:  
Mr. Speaker, since it was only a

very brief statement, I suppose the minister did not feel obligated to give anybody a copy of it. But I do want to say that we on this side are happy to see the negotiations have concluded successfully with the nurses and we are happy to see that those people are perhaps somewhat happier in their jobs, although I suspect some of them are probably going to be laid off this year due to shortages in the hospitals and so on will not be happy with many of their working conditions.

PREMIER PECKFORD:  
(Inaudible) close her down.

MR. TULK:  
What is wrong with the Premier today, Mr. Speaker? He seems to be up about something.

Mr. Speaker, I suspect that many of them are fairly unhappy about their working conditions, but this is probably the best that they could get.

Nevertheless, Mr. Speaker, we are happy to see that under the present President of Treasury Board, in his attempt to get the labour people back on the government side for the next election, that he is moving along very smoothly.

But we can assure him those people will be reminded, and we will keep reminding them, and we will watch the details of any agreements to see that, in fact, they do serve the labour people in this Province.

SOME HON. MEMBERS:  
Hear, hear!

MR. FENWICK:  
Mr. Speaker.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:  
Mr. Speaker, the fact we have concluded a settlement, or at least we have concluded a tentative agreement with the nurses' union indicates, I think, the absolute urgency for the Minister of Labour to bring in the recommendations of the committee looking at the Public Service Collective Bargaining Act under which these negotiations were conducted.

It is fortunate we got a satisfactory agreement without any kind of job action being required because, as the President of Treasury Board and the Minister of Labour know, with the Bill 59 amendments in place, we are in a position where our collective bargaining legislation in the public sector is, quite frankly, unworkable by the Premier's own words.

On that basis I hope the Minister of Labour will bring in those changes as quickly as possible so we can get things back to a normal relationship between the employer and the public service unions.

### Oral Questions

MR. W. CARTER:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the member for Twillingate.

MR. W. CARTER:  
Mr. Speaker, my question would normally go to the Minister of Fisheries (Mr. Rideout), but he is not here and I do not know if there is an acting minister, so



maybe the Premier himself could take this question. I am surprised the minister is not here in light of the crisis that we have today in the \$70 million caplin industry in the Province. Mr. Speaker, my question is to the Premier then. On Thursday the minister, in reply to my question about the caplin fishery and the possibility of a new fishery to accommodate additional markets that appear imminent, the minister stated that the caplin fishery would be closed at the 32,500 metric ton catch level. In other words once we attained that level of catch to accommodate the Japanese market, then the fishery would be closed but it would be reopened, and I believe he said almost immediately, certainly within hours, to accommodate a market that was available in Taiwan and Japan.

PREMIER PECKFORD:  
A point of order, Mr. Speaker.

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
Are we in Question Period, Mr. Speaker? If we are, I think it would be very appropriate for the hon. member for Twillingate to pose a question. We would like to be interrogated but we cannot be if questions are not asked.

MR. SPEAKER:  
That point is well taken.

MR. W. CARTER:  
Mr. Speaker, my question concerns -

MR. SPEAKER:  
Order, please!

The hon. member is certainly entitled to a preamble but he was beginning to make a speech.

The hon. the member for Twillingate.

MR. W. CARTER:  
My question concerns a \$70 million industry that affects a lot of people. My question to the Premier: In light of the minister's announcement on Thursday that there would be a new caplin fishery, now that the Japanese quota has been caught, can the Premier tell the House when we can expect an announcement to that effect?

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
Shortly, Mr. Speaker.

MR. W. CARTER:  
A supplementary, Mr. Speaker.

MR. SPEAKER:  
A supplementary.

MR. W. CARTER:  
Mr. Speaker, I remind the Premier that the minister made the same statement on Thursday. My supplementary question to the Premier: In light of the fact that the Japanese quota has now been overfished by approximately 4000 tons, and in view of the fact that the Japanese have now wired the Fish Trades Association in Newfoundland threatening to -

MR. SPEAKER:  
Order, please!

Would the hon. member please pose the question?

MR. W. CARTER:  
My question to the Premier: In light of the fact that the Japanese quota has been overfished, the amount agreed upon has been surpassed and they are

now asking to have the price renegotiated, can the Premier tell the House what measures will be taken by his government to ensure that the Japanese do not renege on the price agreed to because of this overrun, to protect the Newfoundland caplin fishery?

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
Everything possible, Mr. Speaker.

MR. W. CARTER:  
A supplementary, Mr. Speaker.

MR. SPEAKER:  
A final supplementary.

MR. W. CARTER:  
Mr. Speaker, I am afraid the answer by the Premier will not be satisfactory to the hundreds of Newfoundland fishermen who are awaiting a decision.

SOME HON. MEMBERS:  
Hear, hear!

MR. W. CARTER:  
Mr. Speaker, my final supplementary to the Premier: In view of the fact that many hundreds of Newfoundland fishermen are waiting for word from the department -

MR. SPEAKER:  
Order, please!

Would the hon. member please pose his final supplementary?

MR. W. CARTER:  
Mr. Speaker, this is a very important matter and I would hope that the House will bear with me.

Mr. Speaker, would the Premier undertake, then, to instruct his minister, wherever he is, to take

whatever steps are necessary to ensure that the caplin fishery will reopen as promised and that Newfoundland fishermen will be able to get back at the caplin fishery?

PREMIER PECKFORD:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
Mr. Speaker, as I have said, I will do everything possible.

MR. FUREY:  
Mr. Speaker.

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

MR. FUREY:  
Mr. Speaker, my question is to the Premier as well. Last year the Premier gave a commitment to the House when he promised to table quarterly reports with respect to the \$40,000 a year salary paid to Mr. Peter Loughheed. Would the Premier tell us why he has not tabled these quarterly reports? Will the Premier undertake to do that now?

PREMIER PECKFORD:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
We will do it soon, Mr. Speaker.

MR. FUREY:  
Mr. Speaker.

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

MR. FUREY:

Mr. Speaker, the law firm of Mr. Lougheed received well over \$400,000 from the 1986-1987 budget last year. Mr. Speaker, I ask the Premier was any more money paid under this year's budget to Bennett Jones, the law firm which Mr. Lougheed is a partner in? If so, how much was paid out of this year's budget? Was it anywhere near the \$400,000 paid last year?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

I do not know, Mr. Speaker. I will find out.

MR. FUREY:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary.

MR. FUREY:

I ask the Premier is there any system in place to show full accountability, to fully account for expenditure of this public money in salary to Mr. Lougheed and in legal services expenses to Mr. Lougheed's law firm for the last two years? Is there any system in place so that the people can see how you are publicly spending their money so as to judge whether or not they are getting the proper value for the expenditure of that money, Mr. Speaker?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, unlike the hon. member's leader, the answer is yes.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Port de Grave.

MR. EFFORD:

Mr. Speaker, my question is to the Minister of Health (Dr. Collins), and it is a follow-up, Mr. Speaker, of the question I had asked him several weeks ago concerning the deplorable situation at the Miller Centre. I ask the Minister of Health, given the fact that he did undertake to have his officials investigate the situation down there, could he tell the House if that was done and what if any report was brought back to him concerning the deplorable situation, the uncleanliness of the Miller Centre?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, the matter has been gone into in some detail and I will have the information shortly.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Port de Grave.

MR. FUREY:

John, they are laughing at it.

MR. EFFORD:

While the Minister of Intergovernmental Affairs laughs at the question I tell you people at the Miller Centre are not laughing.

MR. DAWE:

I was laughing at the member, not the question.

MR. EFFORD:

I ask is the Minister of Health aware that some thirty-five

patients, men and women, on the third floor are using one washroom facility? Is the Minister of Health aware of the conditions that they are placed under?

MR. BAIRD:

How would the minister be aware of that?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, if the hon. member has a particular problem of that nature, I would think it is something to be looked into by some official in the department somewhere. It is not a matter that would be normally brought to the minister's attention, but if he wants to give me a note on it, I will certainly try to get some information. He could send a note to the department and I am sure the officials, who are very courteous, would supply him with information. But if he wants to send me a note I would send it on for him.

MR. EFFORD:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary, the hon. the member for Port de Grave.

MR. EFFORD:

I guess, Mr. Speaker, this is why everybody in this Province considers health a joke, because that is what the minister is doing.

MR. SPEAKER:

Order, please!

A final supplementary.

MR. EFFORD:

Yes, Mr. Speaker.

I ask is the Minister of Health not concerned? It is under his department the senior citizens division comes I assume. He is not concerned with the people at the Hoyles Home and Escasoni. Is he not concerned about the conditions that those patients at the Miller Centre are living under, the fact that thirty-five people have to line up in the morning to use one washroom facility? Not only is it degrading, it is also unclean and unhealthy.

Will the minister not instruct his department to investigate this situation and have it rectified so that these people have not got to live under these dirty conditions?

MR. BAIRD:

He will prove you wrong if he checks it out.

MR. EFFORD:

It is not wrong!

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, I always check out what the hon. member asks me. I must say to date, anytime I check these things out I have found things to be almost totally the reverse of what he states in this House. But I will continue to check the things out because some day he may stumble on a real problem and I would not like not to respond to it.

MR. SPEAKER:

The hon. the member for Menihek.

MR. FENWICK:

My question, Mr. Speaker, is for the Minister of Health.

It has to do with a situation with

regard to Robert Pitcher, a constituent whose situation I brought to the attention of the Minister of Health a while back, and to attention of the the previous Minister of Health (Dr. Twomey). It concerns an individual who operated a drug store in Winterton for a period of time, and was forced out of business, he alleges, by actions of the doctor in the particular location. In recent weeks we have found that there are at least two additional drug stores which have also been forced out of business.

MR. SPEAKER:  
Order, please!

MR. FENWICK:  
My question to the minister is this: Since repeated requests to the Medical Board have not brought any kind of a satisfactory solution to this individual's problem and the problems of the other drug store owners on that shore, has the minister taken any actions, since we notified him two weeks ago about the problem, with respect to the Medical Board to ensure that they will look at this problem and see that justice is done in this particular situation?

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

DR. COLLINS:  
Mr. Speaker, there is no indication that justice has not been done. There is a conflict of opinions and it was brought to my attention a number of times. I have written to the Medical Board, because it is in their area, to try to resolve. I have written to them a number of times and they are trying to respond to both sides, but I do not think that either side to date has been

satisfied with the Medical Board's responses. But I strongly suspect that no matter how many responses go out both sides will not be mutually satisfied.

MR. FENWICK:  
A supplementary, Mr. Speaker.

MR. SPEAKER:  
A supplementary, the hon. the member for Menihek.

MR. FENWICK:  
Mr. Speaker, I have also sent complaints to the Medical Board for this individual, and I have now received a reply from the Medical Board saying that they are not investigating further.

MR. SPEAKER:  
Order, please!

MR. FENWICK:  
Since the Medical Board has now indicated that it considers the case closed, yet they have not investigated nearly half of the evidence which exists out there, will the minister assure us that we will direct the Medical Board to reopen the investigation, examine the situation, and come to some sort of reconciliation, or at least attempt to find whether or not the doctor involved is violating the standard code of ethics in the actions that he is pursuing?

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

DR. COLLINS:  
Mr. Speaker, I certainly will check and see if the Medical Board thinks the case is closed, but I do reject any thought that they have not looked at the evidence. I have quite a number of pieces of correspondence in my office on this matter, a matter between two

individuals, and I do not know even if it is a proper matter to be brought up here in the House of Assembly. It is a matter of difference of opinion, of a complaint brought by one individual against the other and the other, one denying that complaint. I am sure it goes on all the time in the community, in the world for that matter.

But I will check to see if the case is closed, but I do reject any thought that the Medical Board has not given a very large amount of attention to this matter between two individuals.

MR. FENWICK:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary.

MR. FENWICK:

My final question: Would the minister please do that quickly? I have talked to the investigator who has done the investigation for the Medical Board and the investigator informs me that they have not done the thorough investigating necessary.

MR. SPEAKER:

Order, please!

MR. FENWICK:

I am posing my question now, Mr. Speaker.

MR. SPEAKER:

Order, please!

The hon. member knows quite well that in a final supplementary he does not make statements like he is doing now, but he asks a final supplementary.

The hon. the member for Menihok.

MR. FENWICK:

My final question: Would the Minister of Health please address that particular question, since we have information that indicates that some of the practices being indulged in by the individual doctor on that Shore may be life threatening? Will the minister do that quickly, so that we can make sure that any of these practices are brought to a quick and speedy end?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, if the hon. member has information of that nature I would hope he would have given it to the Medical Board, and I am sure the Medical Board will act responsibly in those regards. I am not saying that he should not himself send any information he has to the Medical Board because I think he has a responsibility as a citizen to do that, but if he wants to send me a copy I would be only too glad to receive it.

MR. LUSH:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Bonavista North.

MR. LUSH:

Mr. Speaker, in the absence of the Minister of Municipal Affairs (Mr. Brett) I will direct the question to the Premier. The Premier will know that on 31 October 1987 the Fagan Commission of Enquiry submitted its feasibility report, the report prepared concerning the matter of a revised mandate for the St. John's Metropolitan Board and related matters. In view of this, since the report was submitted some eight months ago

now, I wonder can the Premier indicate what is the present status of this report?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

It is being examined by the Cabinet, Mr. Speaker.

MR. LUSH:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary, the hon. the member for Bonavista North.

MR. LUSH:

Mr. Speaker, I ask the Premier that in view of the fact that it has been eight months since the report has been in the hands of the Minister of Municipal Affairs, can the minister indicate to this House why the apparent unnecessary delay?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

We do not think it is an unnecessary delay, Mr. Speaker.

MR. LUSH:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary.

MR. LUSH:

Mr. Speaker, again I ask the Premier, in view of the frustration being experienced by the St. John's Metropolitan Board, not knowing whether it is coming or going, not knowing what its future is going to be, can the Premier indicate to this board, and to other concerned councils in the St. John's Metropolitan area, when they can expect some action

from the government regarding this commission?

MR. SPEAKER:

The hon. the Premier.

PREMIER PECKFORD:

As soon as possible, Mr. Speaker.

MR. GILBERT:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Burgeo - Bay d'Espoir.

MR. GILBERT:

Thank you, Mr. Speaker.

I have a question for the Minister of Transportation (Mr. Doyle). Many times during the Winter we asked the minister questions concerning the impending closeout of the railway and he always denied that there were negotiations ongoing, but when he did he talked about the concerns of the communities and the people who were going to be involved directly in the closeout of the railway, and always said that these questions were going to be addressed adequately. So I wonder is the minister aware of any concerns or unrest being experienced by employees who are going to be affected by the closeout of the railway as to the package that is being offered to them as settlement for the closeout? Is the minister aware of any employees having any problems with that?

MR. SPEAKER:

The hon. the Minister of Transportation.

MR. DOYLE:

Mr. Speaker, I have not been made personally aware of any problems. I think the matter is proceeding

as it should. There has been a \$75 million Labour Adjustment Package put in place to satisfy the terms and conditions of the existing collective agreement and, over and above that, Canadian National has made the commitment that they will negotiate another package with their employees. I take it that these negotiations are proceeding on schedule and I have no reason to think that there are any concerns at this point, Mr. Speaker.

MR. GILBERT:  
A supplementary, Mr. Speaker.

MR. SPEAKER:  
The hon. the member for Burgeo - Bay d'Espoir.

MR. GILBERT:  
The minister is obviously not aware that there are 100 middle management people, not covered by any collective agreement, who are very concerned regarding the offer that has been made to them.

MR. SPEAKER:  
Order, please!

Would the hon. member please pose a question?

MR. GILBERT:  
Is the minister aware of the concerns being expressed by the over 100 middle management employees regarding the offer that have been made to them for a closeout package? Is he aware of any concerns?

MR. DOYLE:  
Mr. Speaker.

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

MR. DOYLE:

Mr. Speaker, all of these things will undoubtedly be the subject of negotiations between CN and their employees. I take it that that would proceed along the normal route and any concerns the employees have will be expressed by their respective unions and addressed.

MR. GILBERT:  
A final supplementary.

MR. SPEAKER:  
A final supplementary, the hon. the member for Burgeo - Bay d'Espoir.

MR. GILBERT:  
These 100 people are not represented by a union. Will the minister undertake to contact TerraTransport officials to ensure that these non-union employees receive a fair and just settlement? Will he check to see?

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

MR. DOYLE:  
Well, Mr. Speaker, we would be very concerned that these people receive a fair and just settlement. But then, again, that will be negotiated out, I am sure, between CN and their employees.

MR. BAKER:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the member for Gander.

MR. BAKER:  
A question for the Minister of Forest Resources (Mr. R. Aylward). The minister knows that some years ago Bowater pulled out of their Glenwood operation, and since that time the Northwest Gander wood's road has been used



for a variety of purposes. Recently I have heard that Kruger has come to a decision to remove the steel bridge across the Northwest Gander River. I wonder if the minister would express his opinion on this move and indicate whether this is in line with his envisioning of the proper use of that particular part of the country?

MR. SPEAKER:

The hon. the Minister of Forest Resources.

MR. R. AYLWARD:

Mr. Speaker, this matter has not been brought to my attention before. I will take it under advisement and get the hon. member an answer.

MR. BAKER:

Mr. Speaker.

MR. SPEAKER:

A supplementary.

MR. BAKER:

I wonder would the minister when he contacts Kruger, point out that the government has issued dozens of cabin permits for that particular road, and that 400 moose licences are issued there every Fall? Without that bridge none of the cabins will be accessible and the moose licences will be almost valueless.

MR. SPEAKER:

The hon. the Minister of Forest Resources.

MR. R. AYLWARD:

Mr. Speaker, I take all of that under advisement and when I am talking to Kruger I will certainly bring this to their attention.

MR. BAKER:

Mr. Speaker.

MR. SPEAKER:

A final supplementary, the hon. the member for Gander.

MR. BAKER:

Mr. Speaker, it is going to be a new question.

MR. SPEAKER:

Then I recognize the hon. the member for Eagle River.

MR. HISCOCK:

Mr. Speaker, my question is to the Premier, in view of the fact that the Minister of Municipal Affairs is not here.

The community of St. Lewis, Labrador, was scheduled to get a new school built this year. Last August they changed the municipal plan. In February they had meetings with officials in Goose Bay, and May 15 they sent in the application.

PREMIER PECKFORD:

(Inaudible).

MR. HISCOCK:

Yes, they changed the town plans.

The community has voted on where the school should be. The Department of Municipal Affairs had difficulty in getting a commissioner to go in and do the study, which has now been postponed until August 9, which means a loss of time from the short construction season. I see it as the responsibility of the Department of Municipal Affairs. Will the Premier undertake to assure the community of St. Lewis that this will be speeded up? Number two, will they also take into account that the community has voted where the school should go? We realize that the department has to follow laws and regulations, but there has to be

flexibility, given the short construction season in Labrador.

Thank you, Mr. Speaker.

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
Mr. Speaker, I will look into it with the Minister of Municipal Affairs and the Minister of Northern Development (Mr. Warren).

MR. TULK:  
Mr. Speaker.

MR. SPEAKER:  
The hon. the member for Fogo.

MR. TULK:  
Mr. Speaker, I have a question for the Premier in the absence of the Minister of Fisheries. It concerns the protection of our salmon resource, in particular as they migrate inland through our rivers to spawn. Now the Premier is probably aware that I have been getting support from the Provincial Minister of Fisheries and our Federal Minister (Mr. Crosbie) in Ottawa regarding this matter. Lately it has come to my attention, from the Salmon Association of the Eastern Newfoundland, that Rocky River near Colinet, where there was a \$1.2 million salmon enhancement program, I believe, carried out, has been given no protection by the federal government.

MR. SIMMONS:  
Read the resolution.

MR. TULK:  
I know copies of the resolution have also gone to the government, to the Minister of Fisheries (Mr. Siddon), and I believe to our federal representative in Ottawa as well.

I ask the Premier, therefore, has the government been in touch with the federal government, in particular Mr. Siddon, on this matter, and would he undertake to table any correspondence regarding the protection of our salmon rivers?

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:  
I will check with the Minister of Fisheries, Mr. Speaker.

MR. TULK:  
A supplementary, Mr. Speaker.

MR. SPEAKER:  
A supplementary, the hon. the member for Fogo.

MR. TULK:  
While he is at it, would the Premier also attempt to find out what kind of logic Mr. Siddon and the federal government use when on the one hand they put millions of dollars into a salmon enhancement programs on our rivers, yet fail to put the necessary protection, in terms of salmon guardians, on rivers like Rocky River, which I believe in the District of St. Mary's - The Capes, and other major salmon rivers around the Province? Would he undertake to see what kind of logic the minister is using? Because it seems to me, on the one hand, he is speaking out of one side of his mouth and, on the other hand, speaking out of the other side of his mouth.

I wonder would the Premier undertake to see what kind of logic the federal minister is using, if indeed he is using any?

MR. SPEAKER:  
The hon. the Premier.

PREMIER PECKFORD:

Mr. Speaker, an examination of the kind of logic is a very complex, intellectual matter, but I will do my best.

MR. TULK:

A supplementary, Mr. Speaker.

MR. SPEAKER:

The hon. the member for Fogo.

MR. TULK:

Mr. Speaker, I say to the Premier, yes, logic is very complex, but in some cases it can also be very foolish.

MR. SPEAKER:

Order, please!

MR. TULK:

I ask the Premier, then, is he going to allow the Federal Tories

SOME HON. MEMBERS:

Question!

MR. TULK:

That is a question.

Is he going to allow the Federal Tories in Ottawa to ignore Newfoundland and Labrador once again, in the same manner as they did with FFTs, the Canada-France fiasco, and once again force his government to give in? This question has been raised by our Federal Minister in Ottawa and the Provincial Minister of Fisheries. For a few political votes and to have good relations with his buddies in Ottawa, are we going to see another sell-out of another resource?

PREMIER PECKFORD:

Not a very good speech.

MR. EFFORD:

Mr. Speaker.

MR. SPEAKER:

The hon. the member for Port de Grave.

MR. EFFORD:

Thank you, Mr. Speaker.

Mr. Speaker, my question, again, is to the Minister of Health, and it is a very serious question concerning the situation at the Health Science Complex. The minister committed some time ago that he would be putting more money into the Health Science Complex to prevent any layoffs. Has the minister or his department decided to put in more money to open beds that are now closed so that patients trying to get into hospital this Summer will not be prevented from doing so?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, I do not recall making any commitment to put more money into the Health Sciences Centre or anywhere else for that matter. What I did say was we were going to sit down with management and members of the board at the Health Science Centre to discuss any concerns they might have. I think I indicated at the same time we were going to do that with any other major institution that had concerns to see if there was any flexibility in the budgets that they already have, or any changes they might want to make in view of present day experiences which they did not foresee when they built up those budgets back in January, February and March, to see if any changes in the structure of the budgets would be helpful, and we are going through that exercise. We have been going through it for some considerable time and I would say it is drawing

to an end very quickly.

MR. EFFORD:

A supplementary, Mr. Speaker.

MR. SPEAKER:

A supplementary.

MR. EFFORD:

Is it not a concern of the Minister of Health or officials of his department that last Wednesday night a young girl from Port de Grave had an accident, accompanied by a Pentecostal Pastor from the community was taken to the Health Science Centre, where she was assigned a cot in the corridor until Thursday night at seven o'clock when she was assigned a regular hospital bed? If that is not a concern of the administration and the Minister of Health, then what would be a concern?

MR. SIMMS:

You had better be careful. You might turn off another fifty voters.

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

On an average annual basis there are 90,000 admissions to the hospitals in this Province, and every single admission is a concern to me as Minister and to this government. There are 90,000 admissions a year. Now I am sure amongst those 90,000 admissions the hon. member can drag out a percentage where there was an emergency situation or a particular difficulty, or a temporary problem, whatever. I have absolutely no doubt he could do that every day of the week, because 90,000 admissions in the run of a year is an awful lot of admissions. But for the hon.

member to come into this House with some vague sort of story such as he just got on with is ridiculous. If he has a problem, a really legitimate problem and is trying to help out an individual, rather than try to lash the government on the back of some poor individual, he would write me a letter or, even better, he would go visit the hospital itself, discuss any problems that he perceives, and get the true answer. But for him to come into the House giving this garbled story that I have absolutely no knowledge as to whether it is true, false, indifferent, malicious, rumour, myth, made up or what not is incredible! I have absolutely no idea at this time about someone who was admitted or supposed to be admitted or was partly admitted or was going to be admitted or might have been admitted last week.

I mean it is ridiculous for the hon. member to be doing this time and time again, lashing the government on the backs of poor unfortunate people, one of 90,000 admissions annually to the hospitals of this Province.

MR. EFFORD:

A final supplementary, Mr. Speaker.

MR. SPEAKER:

A final supplementary.

MR. EFFORD:

Let me say to the Minister of Health that it is getting so now that MHAs have to interfere with the system in order to get their people into hospital. That is how deplorable the health care system is getting.

MR. SPEAKER:

Order, please!

MR. EFFORD:

Let me ask the Minister of Health, Mr. Speaker, what has the fact of 9,000 admissions to hospital got to do with the two patients who were kept on stretchers in the corridor for some twenty-four hours because of bed closures in the hospital? What has that got to do with the admissions to the hospital? Is it not his fault that they have not got enough money to open the beds?

MR. SPEAKER:

The hon. the Minister of Health.

DR. COLLINS:

What the two patients have to do with the 90,000 admissions is they comprise I do not know what minor percentage of the total workload of the hospital system in this Province. That is what is has to do with them. They are two of 90,000 admissions a year, not 9,000 but 90,000 admissions a year.

So if the hon. member has a real problem he is concerned about, he will not hold it in his back pocket until he can get to Question Period in the House and then try to lash the government with it. What he will do if he has a problem over a patient is he will immediately get in touch with the administration of the hospital. If he has real concern now, I am talking about if he has real concern, if he is not just trying to pull off a political point as he does time and time again in this House, if he has a real concern for the welfare of a particular individual he will immediately, once he gets the information, go to the hospital and try to get the facts right. If he does not want to do that, he can come to me. The worst thing he can do is to hold it in his back pocket for three or four days

I think he said it occurred last Wednesday - not do anything about it, then come into this House and hope to lash the government over some garbled story that, if my experience with him is correct, is probably very far from being totally accurate. In actual fact he cannot expect me at this point in time to be able to do anything about it.

Now I cannot even, at this point in time, do a single thing about it. He has not given me a name, he has not given me an address, he has not given me particulars as to what part of the hospital was involved. I have absolutely no information on which to check out this story, this bogus story or this mythical story or this tentative story or this alleged story, or whatever it is the hon. member is trying to lash the government with on the back of this poor individual - if there was a poor individual involved. So I would urge the hon. member, if he has real concern about a patient, to go take the information that he has to the hospital or give it to me in such a form that I can check it out.

SOME HON. MEMBERS:

Hear, hear!

MR. SPEAKER:

Order, please!

The time for Oral Questions has elapsed.

SOME HON. MEMBERS:

By leave! By leave!

MR. SPEAKER:

Order, please!

### Notices of Motion

MR. SIMMS:  
Mr. Speaker.

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

MR. SIMMS:  
Mr. Speaker, I wish to move that the following members be appointed as a Select Committee to study and review the draft bill on the Conflict of Interest Guidelines, as tabled by the Premier June 29, 1988, and that it report back to the House at the next session. The committee would consist of: The hon. the member for St. Mary's - The Capes, the Minister of Education (Mr. Hearn), the hon. the member for Humber Valley (Mr. Woodford), the hon. the member for St. John's North (Mr. J. Carter), the hon. the member for Port au Port (Mr. Hodder), the hon. the member for Gander (Mr. Baker), the hon. the member for Burgeo - Bay d'Espoir (Mr. Gilbert), and the hon. the member for St. John's East (Mr. Long).

I so move that motion, Mr. Speaker.

MR. SPEAKER:  
You have heard the question.

All those in favour please say 'aye', those against 'nay', carried.

On motion, membership of the Select Committee, carried.

### Orders of the Day

MR. SIMMS:  
Motion 1.

On motion, that the House resolve itself into Committee of the Whole to consider certain resolutions

relating to the raising of loans by the Province, Mr. Speaker left the Chair.

### Committee of the Whole

MR. CHAIRMAN (Greening):  
Order, please!

### Resolution

That it is expedient to bring in a measure to authorize the raising from time to time by way of loan on the credit of the province the sum of three hundred and seventy-five million dollars (\$375,000,000) and such additional sum or sums of money as may be required to retire, repay, renew or refund securities issued under any Act of the province.

DR. COLLINS:  
Mr. Chairman.

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

DR. COLLINS:  
Mr. Chairman, the hon. the Minister of Finance (Mr. Windsor) is on Her Majesty's business elsewhere in the Province today. I expect he will be back tomorrow. On his behalf I will introduce this resolution.

It is not a resolution that the House is not familiar with because every year we have to bring in a Loan Bill. The Province keeps its accounts in two fashions, one, it has a current account which, by and large, does the day by day operations of the government, and secondly, it has a capital account by which it funds such longer term projects as road construction,

water and sewer construction, hospitals, buildings, so on and so forth, and we borrow for those purposes.

Perhaps I should not have mentioned water and sewer, implying municipal and sewer, because that is a different thing. What I am getting at, I guess, is that any capital works that is not an annual expenditure or expense over a period of time goes into our capital account and we borrow for those purposes.

Mr. Speaker, the Loan Bill has a cap on it that the House sets each year and the loan bill this year states a cap of \$375,000.

MR. SIMMS:

There might be an interest in using the ten and ten debating mechanism as opposed to thirty and thirty. Would you like to just indicate if that is agreed?

MR. TULK:

Yes.

MR. SIMMS:

Agree to ten and ten back and forth as opposed to thirty and thirty.

DR. COLLINS:

For quite a number of years, because there is repeated possibilities of speaking in committee, we have tended to limit any one speaking turn to ten minutes. That does not mean a member cannot have two ten minutes or three ten minutes or whatever. I understand we will continue the practice that has been in place for the last numbers of years whereby we will have the ten minutes rule in place.

Anyway, there is a cap on the loan bill and the one circulated

mentions \$375 million. However, there will be an amendment brought in to reduce that so that there will not be a \$375 million ability to borrow, it will be reduced down to \$300 million. The hon. the Minister of Finance (Mr. Windsor), under the authority of last year's Loan Bill, and this is quite in order, quite proper, recently concluded a borrowing that reduces, therefore, the amounts that needs to go into the 1988 loan bill.

The loan bill, again, this is not anything new, but the loan bill is an amount in addition to those amounts that were borrowed in certain other forms. For instance, Treasury Bills are borrowed under another authority; borrowings from the federal government are not included in the loan bill, and that includes borrowings from the Canadian Pension Plan. These are covered by other authorities.

In addition, any amounts used to redeem the outstanding debt of the Province, these do not have to be included in the loan bill. So the loan bill actually covers borrowings for capital accounts exclusive of those amounts I have mentioned.

Mr. Chairman, I do not intend to go on at length in introducing the resolution. There may be some questions come out of the matter. Perhaps I could just say that this particular loan bill, when it is amended, as I mentioned, to \$300 million, is approximately the same as we borrowed in 1985, and approximately the same as in 1986. Last year there was a larger amount in the loan bill, although there will be an unused amount which will lapse from last year's loan bill because, as I

say, there is a cap on it, and the cap was not reached. So there was not the full amount of authority used. Anyway, this year's authority is about the same as we saw in place in 1985 and 1986.

So if it is agreeable to the Committee I will move the amendment now that the resolution to Bill 45 be amended by striking out the words and figures '\$375 million' and by substituting the words and figures '\$300 million'.

I so move that amendment as well as introduce this resolution.

MR. BAKER:  
Mr. Speaker.

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

MR. BAKER:  
Thank you, Mr. Chairman.

I am glad the Minister of Health is introducing a bill in the absence of the Minister of Finance because he obviously should be very familiar with this type of bill and know all of the details.

There are a few comments I would like to make to him. First of all, I understand that this now is \$300 million that the government wants to borrow in addition to any money which may be borrowed to turn over money it already owes. This is in addition to the Treasury bills, as he has already pointed out. And this in no way indicates the total amount of borrowing for the government for the year. This is the total amount of new borrowing.

It is somewhat similar to the Hydro bill we dealt with recently where they wanted \$600 million of new borrowing, not counting the

money they have to borrow to pay back money they already owe. So this is \$300 million in new borrowing.

The minister says this is for capital only. I wonder if he is correct there. Does this give authority to cover the projected \$40 million deficit under current account as well or is it purely for capital? I would be interested in the minister's comments on that.

If it is for capital alone, I would like some kind of an accounting as to what the money is going to be spent on, what specific projects the government has in mind to spend the \$300 million extra capital.

However, be that as it may, the \$300 million I would like to point out to the minister, is in reality still a new borrowing of \$375 million this year. I do not want anybody in this House to go away with the impression that this means less capital borrowing this year, it does not. It still means that the government this year is borrowing on capital under the authority of this bill, combined with unused authority from last year, is now borrowing \$375 million. So the amount of borrowing is not being reduced.

The Minister of Finance announced in his budget that last year they did not need to borrow quite as much to cover current account as they had anticipated and that is where the borrowing authority was left over from last year, I would like to point out to the minister, to cover current account deficit. This is why I kind of question the statement at the beginning that this is purely capital, because I do not think there is any



distinction between the current and capital borrowing in that sense, in terms of authority. Last year we were short in our current account deficit, therefore there was authority left for another \$75 million, so the Minister of Finance used that authority from last year, went to Japan, and borrowed a few billion yen which amounted to about \$75 million on last year's authority.

So I wanted to make the point that this reduction the minister is doing now by way of amendment is not really a reduction in borrowing. We are borrowing exactly the same amount. It is simply a transfer of the authority for the borrowing.

I would like the minister to indicate before we finish with this bill as well to what level this will bring our total provincial debt. That is always an interesting figure and each year our debt goes up by \$400 million, \$500 million, \$600 million, \$700 million, whatever. We are now giving authority for another \$300 million, plus the \$75 million we have already borrowed this year, \$375 million. To what level will this bring the indebtedness of the Province at the end of this year?

I have these few comments and I look forward to the minister's reply.

MR. WELLS:  
Mr. Speaker.

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

MR. WELLS:  
Mr. Chairman, I would like to add to it so the minister could

provide the answers. On Statement One of the budget of course the general borrowing requirements for the year are set out. The total borrowing requirement is at \$502 million.

Would the minister explain first how the figure of \$375 million was calculated? We know how it got reduced from \$375 million to \$300 million. The hon. member for Gander (Mr. Baker) just explained that. You have already borrowed \$75 million this year on the basis of the unused borrowing authority last year. So we know how that got reduced to \$300 million, but would the minister advise the House as to how the figure of \$375 million was in fact determined knowing that the total borrowing requirements for the year is \$502,650,000?

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

DR. COLLINS:  
Mr. Chairman, to answer the hon. the Leader of the Opposition first, as he mentions, the total borrowing requirements are \$503 million approximately, just using rounded figures. However, as I indicated earlier, we do not have to include in the loan bill certain things.

We did not have to include approximately \$46 million that we will borrow from the Canada Pension Plan, and we did not have to include in it approximately \$241 million which will be used for debt retirement, roll over debt essentially.

So if you take out those two amounts, the forty-six we will borrow from Canada Pension and the \$241 million that will be a debt requirement that The Loan Act does

not have to include, that brings the total borrowing requirement down to \$215 million.

However, as hon. members will realize, some of our debt retirement does not take place until the end of the year and if we did not add in some amount of flexibility, it means we would not be able to complete our borrowing program until the end of the year, and, of course, at that time, markets might not be good, or there may be a cash flow need or whatever. So, even though taking out those amounts reduces our borrowing requirement to \$215 million, there is another \$160 million added in for flexibility so we can borrow at any time during the year and we will not have to wait until the end of the year, when we get the authority to borrow on the basis of debt retirement.

Last year, as I mentioned, there was a certain amount of borrowing authority not used. As a matter of fact, there was \$226 million of last year's authority that was not used and if you take out the \$75 million that was used earlier in 1988, on the basis of last year's loan bill, there is still an appreciable amount of the unused authority. So I am quite sure we will not use all of that \$160 flexibility we brought in also, but we do have to have that amount of flexibility to complete the borrowing program.

In regard to the deficit, yes, the hon. member for Gander is correct. What I was getting at, I guess, was our capital account is mainly responsible for our borrowing program, but if we do have any deficits on the current account, then obviously we have to pick it up on our borrowing

program also, so there is a small amount of the borrowing program related to deficit financing. In that regard, I am sure I do not have to remind hon. members of the committee that in some previous years we had surpluses on current account and that decreased our borrowing requirements for capital account.

In regard to the debt, in Exhibit 5 in the Estimates document, on page XI, it is laid out there, the public sector debt, and at the end of this year for 1988, that includes the estimated amount of borrowing that we have built into the budget, the total direct debt will be approximately \$4 billion. There is also some contingent debt, it is really not a debt of the Province as such and is likely will not be paid back by the Province. It is contingent in that we guarantee it, but it is unlikely that it need be paid back by the Province, it can be paid back by Crown corporations and so on, which are active and operative and really repaying their debt each year. There is another \$1.7 billion in that contingent debt.

So the total public sector debt, which is net of sinking funds - we have certain amounts of money put aside in sinking funds to take care of debt as it becomes due - net of sinking funds, the total public sector debt is \$4.6 billion approximately at the end of this year.

MR. BAKER:  
Mr. Chairman.

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

MR. BAKER:  
Thank you, Mr. Chairman.

I would like to deal with a couple of other points, one or two of them raised by the minister himself. The minister pointed out that last year there was still remaining authority for last year. I believe he indicated the government was short \$200-odd million last year, so \$75 million came out of it, so there still is \$150 million authority left from last year. Does that mean the government can, without coming back to the House again, borrow another \$450 million because the authority is there now for an extra \$150 million, over and above this \$100 million?

If that is so, it would indicate to me the Minister of Finance intends to use that other \$150 million. The reason I say that is a very sensible and logical one, we needed to borrow \$75 million recently so the minister went off in the Japanese market and borrowed \$75 million, under authority from last year. Then he corrected his bill by asking for \$300 million instead of \$375 million.

It seems to me that if the minister had no need of that other \$150 million, he would have amended the bill at this point to read \$150 million, subtract the whole thing because there is \$150 million authority already existing. If he only needed another \$150 million, all he would need is \$300 million borrowing authority. So, is there any anticipated need of that extra \$150 million borrowing authority left over from last year?

I would also ask the minister, in connection with this, and he is a good one to talk to about this, is there any borrowing authority left over from previous years? How

long can this continue? Is there any borrowing authority left over from three or four years ago which can also be drawn upon? In other words, I am trying to get my hands on how much this government is capable of going out and borrowing on the basis of this bill, which says \$300 million. In actual fact, how much more is this government capable of going out and borrowing without further recourse to the House of Assembly?

The minister mentioned some years there was surplus on current account, but as the minister well knows, for the last four or five years, of course, there has been no indication of surplus on current account. That disappeared back in the early 1980s, the idea of surplus on current account. We hope that it does not disappear entirely. We hope within the next few years we will get back to a surplus position on current account, but it certainly does not look like it this year.

I would like to ask the minister about the Japanese loan. In this case, it is probably unfortunate that the real Minister of Finance is not here. I am interested whether that Japanese loan, the raising of the loan involved any foreign exchange contracts.

The member for St. John's North (Mr. J. Carter) laughs. He knows exactly what this is all about. He knows how easy it is to lose millions of dollars in a few days on a foreign exchange contract! So my question is -

MR. J. CARTER:

On a point of order, Mr. Chairman.

MR. CHAIRMAN:

A point of order, the hon. the member for St. John's North.

MR. J. CARTER:

I thought we laid that ghost one year ago, two years ago. It is wrong for the member for Gander (Mr. Baker); it is misleading the House. This is my point of order, it is misleading the House and it is wrong for the member for Gander and it is wrong for any member to suggest that any money was lost, stolen or strayed because of that particular adventure in borrowing, which I think was no adventure. It was very, very carefully secured.

Now I noticed that the present Japanese loan for \$750 million yen - some extraordinary number of yen - that works out to \$75 million Canadian is repayable in -

MR. BAKER:

Seventy-five million dollars.

MR. J. CARTER:

Seventy-five million dollars, I am sorry - is repayable in Canadian dollars, so that the yen can do what it likes and the American dollar could and did what it liked and it made no difference to our exposure and to the amount that we had to pay back. That ghost was laid two years ago and it should remain laid.

Every time the member brings it up, I am going to get up and object because I think far too long members of this House have sat quietly by while the most outrageous statements were made from the other side. Now, we are so used to it, these outrageous statements pass almost unnoticed. But I think it is a mistake and a fault and I think we can and should be severely criticized for not getting up in our places to object every time it happens and I, for one, certainly will.

MR. BAKER:

To that point of order, Mr. Chairman.

MR. CHAIRMAN:

To that point of order, the hon. the member for Gander.

MR. BAKER:

Thank you very much, Mr. Chairman.

I would like to say that what we heard from the hon. the member for St. John's North (Mr. J. Carter) is a lot of hogwash, balderdash, and anything else that you care to call it. He says it is repayable in Canadian dollars, but the member knows full well that in order to go over there and get \$4 billion yen, at some point we have to change it into Canadian dollars. There has to be an exchange carried out and it is in the process of carrying out that exchange in orderly steps that we get into the short-term forward exchange contracts that this government loves to use, dearly loves to use! They do not like to use the long-term forward exchange contracts any more. That is suppose to give some protection. They do not want protection in the long term, they want protection in the short term, over a period of three or four days.

MR. J. CARTER:

Are you suggesting (inaudible)?

MR. BAKER:

If the member is suggesting, Mr. Chairman, there is no possibility of gain or loss here, I would point out to him that the government immediately declares any gains they make in those circumstances, but when we dare mention there might be a loss, they get quite upset. Mr. Chairman, there is really no point of order. The member is just

flapping his gums.

MR. CHAIRMAN:

To that point of order, there is no point of order.

MR. J. CARTER:

Another point of order, Mr. Chairman.

MR. CHAIRMAN:

A new point of order, the hon. the member for St. John's North.

MR. J. CARTER:

Mr. Chairman, the member for Gander (Mr. Baker) is confusing what the Department of Finance does. The Department of Finance sometimes has to make repayments in foreign currency and they watch the foreign currency markets carefully so that they can purchase this foreign currency at the most favourable rate in order to make the necessary payments that they must make. That is quite different from borrowing a given amount of money in Canadian funds. He knows that.

MR. CHAIRMAN:

To that point of order, there is no point of order.

MR. TULK:

A point of privilege, Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Fogo on a point of privilege.

MR. TULK:

The Chair was right to rule that there is no point of order. The truth of the matter is that the hon. gentleman is abusing the privileges of this House by using points of order to carry on a debate when, in actual fact, the Chair has recognized the member for Gander. I would point out to the Chairman that if the hon.

gentleman wants to speak, there is a place for it and he can rise in his place immediately after the member for Gander has sat down. I would ask the Chair that every time the hon. gentleman rises in his place to make those spurious points of order, that Your Honour ask him to take his place.

MR. CHAIRMAN:

There is no point of privilege.

MR. J. CARTER:

To that point of privilege, Mr. Chairman.

MR. CHAIRMAN:

There is no point of privilege.

MR. J. CARTER:

I would merely respond that if one sits tamely and quietly by while the most outrageous statements are made, in our culture, silence represents consent or is taken for consent. There is no consent or agreement to the outrageous statements that come from across the way, never!

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

Thank you, Mr. Chairman, for ruling there is no point of order. I knew there was none from the beginning. I knew the member did not really understand what he was talking about.

To finish up, I say to the Minister of Health, in case he has forgotten in this little exchange, I have asked him about the remaining authority from last year, and from previous years. I have asked about the forward exchange contracts and the

Japanese loan.

One further point: Does the minister know offhand what our short-term position was in terms of short-term investments at the end of March of this year? That would again give us a little better idea of the amount of money we are talking about here because it makes a difference whether there was \$100 million in short-term investments at the end of March or \$300 or \$400 million. That makes a difference in the way we look at it. So I ask him if he could give us that information if he knows it offhand and if not, obviously, he would have to wait a day or two, or get somebody to look up the information.

MR. J. CARTER:  
Mr. Chairman.

MR. CHAIRMAN:  
[Is this a point of order?]

MR. J. CARTER:  
No, I wish to speak.

MR. CHAIRMAN:  
The hon. the member for St. John's North.

MR. J. CARTER:  
Thank you, Mr. Chairman.

The point I want to make, Mr. Chairman, is that I would argue, and I think members opposite might even be inclined to agree, that the distinction between capital funding and current expenditure is largely a figment.

In other words, if the Leader of the Opposition wants to get his office refurbished with any amount of furniture, even a modest amount of furniture for his office, that is considered to be capital, whereas if he wants to hire an

extra secretary, that is considered current. Now, I do not really see the distinction between the two and I would argue that there is no real distinction between the two types of expenditure, capital versus current.

There is no doubt about it, if we were to engage upon large scale power development, or we were to engage upon a large scale highway development, that that could properly be called capital expenditure, but in the case of day to day replacement of so-called capital works, I do not think that that can or should be called capital expenditure.

Therefore, in my view, and the Opposition should love this, the so-called deficit is much larger than appears in the Budget. I think it is blindfolding the devil in the dark to suggest that we would ever, ever come close to getting a surplus, much less breaking even on current account. We never have, because every year since I have been watching the Budget, and that would certainly be now about twenty-two or twenty-three years since I have been watching the Budget closely, have we ever come close to a balanced budget. We have always been at least \$100 million out, even when the former Liberal administration took office. The amount of shortfall has varied.

If you delve into the quite distant past, back in the early 1950s, it was just possible we could have had a balanced budget every year. Our revenues were going up all the time, but, of course, our expenditure was going up even faster. If the former government administration had shown just a little bit of care

and caution, if they could have delayed some of their expenditures probably for less than a year, they would have found that they would have ended up each year, with not necessarily a surplus, certainly with a real balance overall, if you were to combine the so-called capital and the so-called current.

I just think it is a pity that we have not maintained that, because the cost of servicing our debt is roughly equal to the sales tax. So, if we had managed our affairs properly and wisely and carefully and prudently, of course we had very little choice in 1972 because we took over a nightmare for which we had to borrow just to keep our heads above water, and we have not really been able to catch up.

The damage was done back in the Smallwood era. The cost of Smallwood's foolishness is now the sales tax. The sales tax that we pay every day of 12 per cent can all be laid at the door of the former administration. It would be very easy to argue that and very hard to disprove it.

So, every time members pay their 12 per cent, they are not paying it to Clyde, they are paying it because of Joey. Of course, I shudder to think what would happen if say sometime in the Twenty-First Century the people of Newfoundland should ever go back to the Liberal Party because it would be just more of the same.

MR. EFFORD:  
Mr. Chairman.

MR. CHAIRMAN:  
The hon. the member for Port de Grave.

MR. EFFORD:

Mr. Chairman, I do not think I will take up the ten minutes, but there is a point that the hon. gentleman for St. John's North (Mr. J. Carter) just made about the sales tax I find very interesting because no government in this democracy can operate without a sales tax. It is very unfortunate that we as a Province have to be the highest taxed percentage-wise in Canada, and that is because of a number of reasons. That is because of our economic conditions in the Province.

AN HON. MEMBER:  
Alberta does not have any.

MR. EFFORD:  
Alberta does not need it, but they are very fortunate a couple of years ago to get the revenue from the oil and hopefully some day we may be in for that same situation.

But if the acting Minister of Finance (Dr. Collins) would answer this question - and it brings to mind about the sales tax situation - or look at this question, we are collecting 12 per cent which is a high percentage and we all agree it is probably necessary to give the essential services today we need in the Province. While we would like to see it lower, probably it is not economically feasible to put it lower at this time, but that is a matter that we can discuss later.

My question to the acting Minister of Finance today is about the high proportion of that 12 per cent which is uncollected. Now, I think in 1986, there was something like \$13 million uncollected money in the Department of Finance from sales tax, and I think that has risen slightly.

There are a couple of reasons why. I think if you talk to some of the people in the department, they say there are not enough auditors in the department to do the necessary auditing of the sales tax collection required around the Province, and we all know the problems of travelling around the Province of Newfoundland and Labrador.

But, we also have to look at the fact if we had that amount of money in and that money was collected by a retailer or whatever business, it was collected and it was not their's to spend. It has nothing to do with the politics. The fair fact is if a person collects 12 per cent on any sales, it is not his or her money or the business's money so it should be paid directly in.

What I do not understand is why we are not collecting the money. The other thing is why any firm would be allowed, with a proper audit, would be allowed to go any longer than two months before they were caught up on. How could they get in arrears of \$100,000 or \$200,000?

Recently, there was one firm in St. John's I know of which got into arrears of some \$400,000. That does not have happen unless they are doing a much more flourishing business than I have been doing in the past, to get into arrears of \$400,000 in RST. Probably, the minister, in answering, can follow up that question, seeing it was raised by the hon. member for St. John's North?

MR. J. CARTER:  
Mr. Chairman.

MR. CHAIRMAN:

The hon. member for St. John's North.

MR. J. CARTER:

I am not asking hon. gentlemen to take my word for it. I am suggesting a route they might find to be very, very interesting.

The member who just sat down can go down to the Department of Finance and say to the Deputy, or Assistant Deputy Minister, that he would like to have the figures from 1949 to the present day, the total expenditure and total revenue. If he gets those figures and constructs a graph he will find it very, very instructive and very, very interesting.

He will also find that in the early days of Confederation, let us say, an amount of \$120 million was spent and only \$100 million was taken in. Then the very next year the amount taken in greatly exceeded the amount that was spent in the previous year, so it would have been very, very easy for any sensible government to have brought those two lines, or those two curves into line. It is just, as far as I am concerned, tragic that they did not.

Therefore, I say, the amount we pay as sales tax is roughly the amount of money required to service our present debt, large as it is, and it can be laid at the door of the former administration. They are responsible for it.

I only hope the general public gets to understand this, that each time they pay that 12 per cent, they are really paying it as a penalty for having elected, and kept elected, a Liberal government for so long. That is a fact, as



plain as the nose on your face.

DR. COLLINS:  
Mr. Chairman.

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

DR. COLLINS:  
Mr. Chairman, just to answer a few of the questions. The member for Gander (Mr. Baker) wondered about whether the amount unused from last year's loan bill is still available to government? Then he coupled that with, what about the amounts from previous years unused from those loan bills?

The answer to that is, no, it is not available. Once a new loan bill is brought in, the previous loan bill authority lapses, so if there is an unused amount, that amount is not available. As we were discussing earlier, about \$151.1 million from last year's loan bill will now lapse if we pass this particular loan bill.

He asked also what were the short-term monies available at the end of the fiscal year. I have checked that out. It sounds as though there was a lot of money available, but in actual fact, if you look at it, there was not. There was about \$300 million available at the end of March, 1988 but in actual fact, if we had not borrowed in the Japanese market, we would now be very, very close to scraping the bottom of the barrel. In other words, most of that money has now been drawn down as government operations continued over the past April, May, June, getting into July, over the last three and a bit months.

So the borrowing in Japan was necessary to keep ahead, and keep some money in the till. Now, this

money does not lie dead, of course, as the hon. member indicated, it is put into short-term investments, so what we pay out in interest by having balances in our favour, we get back by investing those balances and they pretty well even each other out.

On the exchange matter itself, as the hon. member for St. John's North (Mr. J. Carter) indicated, that was a swap arrangement. The principal and the interest will be repayable in Canadian dollars. So we are protected from that point of view, if you want to put it that way.

You can argue about this all day long. You can either go for the protection and, if exchange rates moves against you, it was a good move. But if you go for the protection and they move for you, you were silly. On the other hand, if you do not build-in the protection by doing a swap and those two circumstances happen, you can either gain or lose. So, it is just a judgment call, which way you go on this thing.

In regard to short-term exchange rate, yes, there were some short-term exchange contracts entered into because there was about a two week period to put in place the borrowing and the swap. So there was a two week period that had to be covered by exchange contracts. But there was no movement in the yen and Canadian dollar during that time. So they were just there again as a protective mechanism. There was no loss or gain as a result of that two week period.

On the sales tax matter, I think one thing many people, when they it is \$13 million owing on retail

sales tax, do not remember is that if you go to any large business in this City and you say, 'Does anyone owe you any money?' They will say, 'Yes, we are owed \$2 million or \$3 million or \$5 million' or whatever it is. In other words, any sizeable business has to have a certain amount of outstanding accounts on the books. You cannot conduct business in this day and age on a daily cash basis. It is just not possible. So there are outstanding amounts. And, of course, government is the biggest, by far and away, by far, far and away the biggest business in the Province, something in the order of \$3 billion a year. The other businesses in the Province are picayune and midgets compared to the business government carries out. So having \$13 million as a continuing outstanding amount on our books is quite small.

The fact it is remaining at \$13 million and is not growing means there is a continual flow-in of taxes and not a build-up of unremitted taxes.

I think those were most of the question, Mr. Speaker. Oh, yes, one last thing. I agree with the hon. member for St. John's North (Mr. J. Carter) that a lot of our indebtedness now can be put at the door of past administrations, but I think we also had to remember that borrowing has been a Canadian phenomena.

Every province, and this includes the federal government, in the last ten or fifteen years have gone on a borrowing trend. Now, we could have bucked that trend. But can you imagine how the Newfoundland and Labrador provincial government would be lambasted if we said no when other

Canadian provinces are borrowing and building hospitals and roads and schools and whatever, but 'The Newfoundland Government will not build a school, will not build a road, will not build a hospital! We are going to keep our books in balance!' Now, if everybody was doing that you can get away with it. If the whole world is going the other way, you cannot get away with it.

So part of our indebtedness is part of the Canadian phenomena and the Canadian phenomena in the last couple of years is beginning to turn around because it is realized you cannot go on with that phenomena forever. You will just come to a breaking point.

We are now in a cyclical phase where we will be getting out of that borrowing frame of mind, and I think over the next ten years or so we will find that there is not a build-up of debt we have seen in the last ten years. As a matter of fact, hopefully we will see gradually fall off.

I move the resolution.

MR. WELLS:  
Mr. Chairman.

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

MR. WELLS:  
There are a couple of things I wanted to address, one of them was the silly, facetious remarks of the hon. member for St. John's North, more recently adopted by the hon. Minister of Health. Everybody knows that it is the normal method of operation for the hon. member for St. John's North to make these facetious, provocative remarks. That is the

way he normally operates.

MR. J. CARTER:

A point of order, Mr. Chairman.

MR. CHAIRMAN:

A point of order, the hon. the member for St. John's North.

MR. J. CARTER:

I am not going to sit quietly by and listen to that. The point is that when we got into government in 1972 the amount we had to borrow that year was almost exactly equal to the amount we had to pay out in interest payments.

Now, what I said and what I am still maintaining is if we had never borrowed, and if the Smallwood regime had never borrowed, then we still would not have to borrow. We could build all the roads and all the hospitals and all the infrastructure that we did build but we would not have to borrow, because the borrowing that we did do was just enough to cover the amount of our interest. Well now, of course, if anything, I suppose, we have perhaps come ahead. We do not have to borrow as much as we pay out in interest. Our sales tax looks after that, thanks to the Liberal government.

MR. CHAIRMAN:

To that point of order, there is no point of order.

The hon. the Leader of the Opposition.

MR. WELLS:

There never is, Mr. Chairman.

Mr. Chairman, the simple truth of the matter is that during those years when sums were borrowed and they were fairly significant sums, and I personally was one of the

critics of the size of the borrowing at the time and urged caution. But in fact, Mr. Chairman, this Province and what it is today was built during those years. We saw something for the expenditure of the funds.

The difference is in the last nine years we have been borrowing and seeing nothing for it. There is nothing really, no significant new additions to the Province. No significant new roads, no significant new hospitals have been achieved like there had been in those earlier years. That is the difference, Mr. Chairman.

AN HON. MEMBER:

Cost plus.

MR. WELLS:

Cost plus, or however it was done, we saw the results. We had assets in this Province as a result of the borrowing. These years it has been borrowed and wasted, Mr. Chairman, and that is the difference.

SOME HON. MEMBERS:

Hear, hear!

MR. WELLS:

People would also remember what the sales tax rate was in 1971. What was the sales tax rate in 1971? Six percent or seven percent, while today it is 12 percent, Mr. Chairman. Do not overlook those things, Mr. Chairman. Look at the extent of the borrowing today.

Look at the fact that our direct public debt today, when you make allowance for the \$977 million we have in sinking funds to go against the direct provincial debt, in the nine years of this administration, the public debt has nearly doubled, from \$1.6

billion to \$3.1 billion net direct provincial government debt, and we have got virtually nothing to show for it. That is the difference, Mr. Chairman.

When that hon. gentleman stands up to make those silly, provocative remarks, somebody has got to bring him to task and correct him and correct the incorrect statement.

Mr. Chairman, the other thing I would like to address to the Minister of Health (Dr. Collins), who is standing in for the Minister of Finance (Mr. Windsor) on the matter is, I understand his need for a measure of flexibility to allow him to borrow when the timing is opportune, to replace funds that may come due in November, he may have to borrow in September. I can understand that.

But would it not be preferable, instead of having The Financial Administration Act permit reborrowing of sums used to repay existing indebtedness, to reuse that authority to borrow, would not the system work better if The Financial Administration Act contemplated that he would have to borrow and he planned his borrowing in two lots and he got the authority for each year and he did not seek to reuse that authority? I think the affairs of the Province would be better and more easily managed, and the general public would be in better control of the borrowing power of the Province if it were done in that way. I understand in the present circumstances the need to have the additional stability. I do not know that the government needs \$160 million worth of flexibility but that is what is there.

This bill would give the government, by the end of this current fiscal year, \$160 million of surplus borrowing authority and that is really unnecessary. I suggest we should take a look at amending The Financial Administration Act and to authorize the specific borrowing that is to be done in each year, instead of having this hold-over.

Thank you, Mr. Chairman.

MR. CHAIRMAN:

Shall the resolution, as amended, carry?

MR. WELLS:

I would still like to hear the minister's comments on it, unless he does not think it is of importance, in which case I can spend some further time to elaborate on the necessity. But if the minister has a view, or the government has a position on it, I would like to hear it. If not, I can elaborate further and make a more extensive case for the necessity. But I thought the minister would know.

DR. COLLINS:

I was going to respond in Committee, but I can respond now, if you wish.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, I guess what the hon. the Leader of the Opposition is saying is why do we not come to the House to get authority for the amount of redemption, or rollover, to amend the financial administration that way. I was, obviously, not around when The Financial Administration Act was put in, and I do not know why it was done this way. The amount of

redemption that we do is announced at the beginning of each year, and it is all laid out in considerable detail in the budget documents. As a matter of fact, loans come due ten years down the road, or whatever it is. Now, sometimes there is a certain amount of flexibility that the lenders have; in other words, they can redeem at a certain stage, or they can let it go a bit longer and redeem a year or two later, whatever it is. So quite often we will project a redemption figure that at the end of the actual year will be less than what we projected, and it is for that reason, because the lenders have a certain amount of flexibility. If we drop out that amount of lender flexibility the amounts that are projected for redemption are pretty clearly laid out, and I would not think that if we just had to come in and get the authority to borrow for that amount the House is any further ahead than just looking in the documents there and knowing how much rollover there is going to be anyway. I presume that is why it was, but I was not around at the time and I cannot say that is a fact.

As far as the amount of flexibility, \$160 million, this question often comes up and, again, all I can say is that the markets really cannot be foretold and you might have to do an awful lot of your borrowing in the early part of the year, and then you will need every cent of flexibility you have, whereas other years the markets are just rolling on and on, and you can borrow a bit here, there and everywhere, and you end up the year with a large amount of unspent authority. I do not think, in my memory now, that \$160 million, considering our total

borrowing program, is out of proportion to two previous years. I think it is about the proportion that it was in in previous years. I do not think there is any extra amount in there.

On motion, resolution as amended, carried.

On motion, clauses 1 and 2, carried.

MR. CHAIRMAN:

Shall clause 3 carry?

DR. COLLINS:

Mr. Chairman, I have to bring in that amendment now. We amended the resolution when I spoke earlier, but we now have to actually amend the clause to change that figure and wording from \$375 million to \$300 million. I move the amendment.

On motion, amendment carried.

On motion, clause 3 as amended, carried.

On motion, clauses 4 and 5 carried.

A bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province".

Motion, that the Committee report having passed the resolution with amendment and a bill consequent thereto, carried.

On motion, that the Committee rise, report progress and ask leave to sit again, carried.

MR. SPEAKER:

Order, please!

The hon. the member for Terra Nova,

MR. GREENING:

Mr. Speaker, the Committee of the

Whole has considered the matters to it referred and have directed me to report that it has adopted a certain resolution, with amendment, and recommends that a bill be introduced to give effect to the same.

On motion, report received and adopted, resolution ordered read a first and second time, bill ordered read a first, second and third time, Committee ordered to sit again, presently, by leave.

### Resolution

That it is expedient to bring in a measure to authorize the raising from time to time by way of loan on the credit of the province the sum of three hundred million dollars (\$300,000,000) and such additional sum or sums of money as may be required to retire, repay, renew or refund securities issued under any Act of the province.

On motion, resolution read a first and second time.

A bill, "An Act To Authorize The Raising Of Money By Way Of Loan By The Province", read a first, second and third time, ordered passed and its title be as on the Order Paper. (Bill No. 45).

MR. SIMMS:

Motion 3, Mr. Speaker.

On motion, that the House resolve itself into Committee of the Whole to consider a certain resolution, Mr. Speaker, left the Chair.

### Committee of the Whole

MR. CHAIRMAN:

Order!

### Resolution

That it is expedient to bring in a measure to amend The Retail Sales Tax Act, 1978.

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Chairman, this particular resolution, with an Act to follow, was announced in the Budget Speech on March 29. What it does is impose the retail sales tax levy on warranty and maintenance contracts.

At the present time, as hon. members know, our retail sales tax does extend to certain services and one of the services it will extend to will be the repairs of tangible personal property. So the present Act will actually tax the work when it is carried out. It does not tax the warranty contract and the maintenance contract for that particular contract to be carried out when required.

The present arrangement is not really very workable. What is being done now is that the contract itself will be subject to the tax, and then, of course, the repair that is carried out as a result of that warranty will not be double taxed. The tax, therefore, will shift to the contract. In other words, if you get a contract at Sears, or whatever, for repairs to your washer and it costs so much, you will pay tax on that. But when

Sears carry out the washer repairs, a year and a half down the road or whatever it is, obviously it will not be retaxed.

The present arrangement was not workable. The intent was that any work would be taxed, because it is a service, and this present way of doing it is to achieve that particular activity.

Now I might say that the Department of Finance figures that this arrangement will mainly apply to large businesses. We all do have maintenance contracts and so on, I suppose, but they are small compared to what goes on in the business world for such things as contracts for photocopiers, and computers, and word processors and all that sort of thing. That is where the big contracts are, and that is where the present arrangement was not working very well; there was a certain amount of escaping from what was always intended as a source of revenue, and this will plug that gap. I move the resolution.

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

Thank you, Mr. Chairman.

The minister, of course, opens up all kinds of intriguing areas in his statement. He mentioned the Budget Speech, and he mentioned the retail sales tax, and it opens up all kinds of intriguing areas I do not want to get into right now.

The minister is now, as I mentioned earlier, collecting sales tax on the warranty contract when the contract is entered

into. For instance, a person buys a car and gets an extended warranty. I am assuming this is what it is all about. A person buys a car, pays \$400 for an extended warranty, and then he will pay at source, immediately, 12 per cent sales tax on that \$400, so \$48.00 will then be added on and will go to the government.

The minister is obviously making sure he gets full tax value for the warranties and so on which exist, getting full value because many warranties are never collected on. It is really an insurance policy and the companies make money on the extended warranty, otherwise they would not offer it. It is sort of spreading around the risk, some people may collect more, some people less, but more people collect less than the amount they paid. So it should result in a slight increase in the amount of taxes being collected by the government. I am thinking in terms of cars now.

This does not apply to any tax, I am assuming, on parts and things like that. Is that right, Mr. Minister? For instance, if I pay \$400 for an extended warranty on a car, I would pay by \$48.00 tax at the beginning, and then when I used that warranty, I would still have to pay tax on any parts and so on that I would purchase.

DR. COLLINS:

The warranty, normally speaking, does not cover parts. It applies to work carried out.

MR. BAKER:

But I would not have to pay the 12 per cent tax on the work carried out to install those parts.

DR. COLLINS:

That is right, whatever the

warranty covers, and it usually covers the work involved in discharging the warranty.

MR. BAKER:

But, I would still have to pay tax on the parts. I am assuming that is what it means.

DR. COLLINS:

Yes.

MR. WELLS:

Some warranties do cover parts.

DR. COLLINS:

Not often.

MR. BAKER:

Now, this is the problem I have with it. I thought from what was in the Budget Speech that I understood perfectly what was meant by it, but as the minister was talking, I began to wonder what complications exist here.

Does that mean if I pay \$300 for an extended warranty, I pay tax on that \$300, and then, if I have to get my engine replaced under the warranty, that tax will not be paid on the cost of that engine? If that is what it is, it puts a slightly different slant on the whole thing.

DR. COLLINS:

Would the hon. member permit me to speak here?

MR. BAKER:

Sure.

DR. COLLINS:

Mr. Chairman, the wording says, it lays out what is currently in Section 15, in the explanatory note, and it goes down to (d), then this amendment will add (e), so that the individual will have to pay 12 per cent on 'contracts or agreements for the service,

protection, upkeep, warranty, or maintenance of tangible personal property.'

Now, my understanding, and I am not big in maintenance contracts, I must admit, but my understanding of it is, if I have a warranty, I will usually get a bill for the parts, but I am quite willing to believe you can also have a warranty where parts are included. Clearly, that would be a more expensive warranty than if you had one where just the work is involved. If parts are included and you pay out money, you hand over money to some businessman, why the 12 per cent should not apply to the amount of the contract for which you pay out money, no matter what it covers. If it is only on work to be done, that is all it will cover and then the parts will be extra.

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

So, the minister, in effect then, is saying that whatever is covered under the warranty then becomes tax free once it is used. In terms of an extended warranty on a car, parts are covered, cost of the engine, if the engine is blown, or whatever, the transmission, and so on. So, it would eliminate any 12 per cent tax on anything covered under that warranty. You simply pay your 12 per cent up front.

As long as, Mr. Minister, that is made amply clear to everybody, particularly on big jobs where 12 per cent means an awful lot, so that everybody understands completely and fully, every person



who offers such a contract understands completely and fully exactly what it means so that the consumer does not get ripped off twice and does not pay the tax on the warranty contract and then end up paying tax on parts that are replaced under that warranty contract, that is the only concern I have with it. As long as that is made clear, then I will be perfectly willing to go along with it.

MR. J. CARTER:  
Mr. Chairman.

MR. CHAIRMAN:  
The hon. the member for St. John's North.

MR. J. CARTER:  
A couple of points should be made about this.

If you buy a new car, it has a normal warranty any way and you can buy an extended warranty. You can buy one for \$500, you can buy another one for \$1,000. I think you can even go for an extended warranty of perhaps \$1,500 or \$2,000 and it covers everything, scratches, unforeseen situations, wear and tear on even fan belts. You can get a very comprehensive warranty.

Up until this particular provision passes, it is probably a good buy because you are saving the 12 per cent because that work is done for you for free. You have paid for it ahead of time. I think people are very foolish to buy an extended warranty, yet the garages love to sell them because they make a profit on them. Sure it is nice to have the comfort to know that no matter what goes wrong with your car, it will be fixed.

MR. BAKER:

Therefore, the government will make a profit on this.

MR. J. CARTER:

No, the government will not make, the government was making --

MR. BAKER:

It will make more money than it did.

MR. J. CARTER:

Well, this warranty work, if it is done, would normally be taxable. But if you paid for it under your extended warranty and have not paid a tax, then sales tax never becomes applicable to it. Now, you could argue that the normal warranty that comes with a car should be taxed as well. I would think this would be wrong. I hope that when the regulations are finally promulgated they are careful not to add, I mean, you pay your 12 per cent on the value of your car. Now, are they going to then say, 'Well, because there is six month or 60,000 kilometers warranty on this, you should add a little bit more sales tax?' I think that would be wrong. I do not think that is intended. My reading of the act of the provisions do not indicate that at all.

What it indicates to me is that work that would be done under this extended warranty would normally be taxed, but because it is done under warranty, and there was no tax paid on the warranty, there is no tax on it, but now this act will change all of that.

I do not like to see the 12 per cent anyway. I regard it as a Liberal invention, and caused by the Liberals. No one likes a tax, least of all me. It just reminds me of the Smallwood regime every time I have to pay 12 per cent.

But the point is, if it is right to pay it for work done in a garage, then it is also right to pay it for warranty work that you actually paid for before.

MR. BAKER:  
Mr. Chairman.

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

MR. BAKER:  
I find the member for St. John's North (Mr. J. Carter) highly amusing. He is living up to his reputation, Mr. Chairman, of being the only living dinosaur in existence.

In his comments, he is recommending against insurance and all this kind of thing. This is basically it. He is recommending that people not buy the warranties and so on. He is recommending against insurance or any of those schemes. Medicare, which tends to spread out the cost so that one person does not get hit with too large a bill that would sink him, everybody pays a bit. A little bit of socialism, I guess, he sees in it, and he does not agree with people purchasing such a thing.

But, what this means, I say to the member, my understanding from the Minister of Health (Dr. Collins) is that now anything that is covered under a warranty now does not carry the 12 per cent sales tax, whether it be service or parts or whatever, does not carry the 12 per cent.

It is also an interesting argument that he put forward in terms of the normal purchase price of a car, there is a warranty built in.

You get 60,000 miles, and this kind of thing or whatever it

happens to be, 100,000 kilometers. Is tax charged on that kind of a warranty now? If it is not, then that would be consistent.

MR. WELLS:  
It is charged on the price of the car.

MR. BAKER:  
Yes, it is included in the price of the car, so the tax is not charged the dealer when he repairs my car under the original warranty as well as the extended warranties, and so on. That would be consistent; that is very consistent.

I say to the member for St. John's North (Mr. J. Carter) that I hope that he does not carry on any great campaign to persuade people not to buy those things because, as an example, I bought them twice and both times I have ended up making an awful lot of money on them, in one sense. It saved me a lot of grief, let me put it that way.

MR. CHAIRMAN:  
Shall the resolution carry?

MR. WELLS:  
Mr. Chairman.

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

MR. WELLS:  
Before you do, I would like the hon. Minister of Health to tell us what the situation is now? For example, the supplier of this warranty, I can think of one, I believe they have gone out of business since, called International Warranty Company, they would warrant the car the for extra year or whatever it is.

When the work is done now under those warranties, do the people who provide those warranties pay tax on the service and parts at this stage? Do they do that now? Is that the situation now?

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Chairman, my understanding is that if you now buy a warranty contract, you do not pay taxes on it. But then, when you bring in your machinery or whatever it is, and under the warranty, you have it repaired, well then you have to pay tax on that amount of work that is done and those amounts of materials that are used. You have not paid tax on the original contract, so now you pay it on the work that is carried out.

But the information I get is administratively, there are loopholes in this. There is a lot of tax leakage in it. Now what will happen, you will go in and you will pay tax on your warranty, and whatever that warranty covers, if its parts and works, it covers that and then whatever is done, is not taxed again. If it is only partially covered, but somethings in the contract are left out, then you will be responsible for the tax on those parts that are not covered under the contract.

MR. WELLS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

Let me get this clear, as I understand it, the situation now is, if I buy a warranty, I pay my \$400 and I buy an additional year

of warranty on my car from ABC Warranty Company, then when the work is done under that warranty, I do not pay any additional tax because I do not get a bill. ABC Warranty Company does. That was my question. Does the warranty company pay tax on the services and parts used?

From what the minister said, I assume they do.

DR. COLLINS:

They should, but it does not happen.

MR. WELLS:

Oh, I see.

MR. J. CARTER:

This is the reason for this.

MR. WELLS:

So, they do not now pay tax, but they should.

DR. COLLINS:

I suppose if it were a totally local company, they likely would be caught, shall we say.

MR. WELLS:

What difference does it make? The garage or the automobile dealer that performs the work does so much work, it happens to be warranty work, and he sends the bill to ABC Warranty Company instead of to me personally, who owns the car, -

DR. COLLINS:

But where does he send the bill?

MR. WELLS:

To the ABC Warranty Company, they are usually independent financial institutions.

DR. COLLINS:

Yes, you mean in Toronto or somewhere?

MR. WELLS:

That does not matter, the goods and services are provided here, and should be taxable.

DR. COLLINS:

Yes, but then we have to chase it up and so on and so forth, and there is a certain amount of leakage there.

MR. WELLS:

A collection of the taxes is the responsibility of the dealer. He should be collecting that for the government. I just wanted to make sure that we are not going to have a situation where ABC Warranty Company is still going to be charged the tax, and thus keep the warranty prices up, and on top of that the individual is going to pay tax for the warranty itself, the warranty premium, which, as the hon. the member for Gander says, is an insurance premium. I would like the hon. minister to assure the House that neither the warranty company nor the individual will be paying tax on the actual warranty service, and parts, when they are performed.

DR. COLLINS:

I just checked with the tax administration people and it is my understanding that that is the case.

MR. WELLS:

And anybody who pays the tax now, that will cease where it is warranty work.

DR. COLLINS:

It should, yes.

On motion, resolution carried.

On motion, clauses 1 and 2 carried.

A bill, "An Act To Amend The Retail Sales Tax Act, 1978.

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

MR. SPEAKER:

The hon. the member for Terra Nova.

MR. CHAIRMAN:

Mr. Speaker, the Committee of the Whole has considered the matters to it referred and has directed me to report having passed a resolution and a bill consequent thereto.

On motion, report received and adopted, resolution ordered read a first and second time, bill ordered read a first, second and third time, Committee ordered to sit again presently, by leave.

### Resolution

That it is expedient to bring in a measure to amend The Retail Sales Tax Act, 1978.

On motion, resolution read a first and second time.

On motion, a bill, "An Act To Amend The Retail Sales Tax Act, 1978" (No. 2), read a first, second and third time, ordered passed and its title be as on the Order Paper. (Bill No. 48).

MR. SIMMS:

Order 2. Bill No. 41.

MR. SPEAKER:

The hon. the Minister of Finance -- To Move that the House resolve itself into a Committee of the Whole on Supply to consider certain resolutions for the granting of Supplementary Supply to Her Majesty. (Bill No. 41).

DR. COLLINS:  
Mr. Speaker.

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

DR. COLLINS:  
I have received a letter from His Honour the Lieutenant-Governor.

MR. SPEAKER:  
Government House, St. John's, Newfoundland, June 2, 1988.

To the hon. the Minister of Finance.

I, the Lieutenant-Governor of the Province of Newfoundland, transmit supplementary estimates of sums required for the Public Service of the Province for the year ending the 31st. day of March 1988, by way of Supplementary Supply and in accordance with the provisions of the Constitution Act, 1867, I recommend these estimates to the House of Assembly.

James A. McGrath  
Lieutenant-Governor.

The hon. the Minister of Health.

DR. COLLINS:  
Mr. Speaker, I move the Message together with the amount be referred to the Committee of Supply.

On motion, that the House resolve itself into Committee of the Whole to consider the message of His Honour the Lieutenant-Governor, Mr. Speaker left the Chair.

### Committee of Supply

MR. CHAIRMAN:  
Order!

### Resolution

That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the Public Service for the financial year ending the 31st. day of March, 1988, the sum of forty-five million eight hundred and sixty-six thousand five hundred dollars (\$45,866,500).

DR. COLLINS:  
Mr. Chairman.

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

DR. COLLINS:  
Mr. Chairman, this is the resolution that will result in the Supplementary Supply Bill. The Supplementary Supply Bill is necessary each year, because when the budget is introduced there is a projection made as to the monies government will need for public business in the year ahead. But not being all-seeing and all-knowing, no Finance Minister can cover all the contingencies, so, therefore, sometimes throughout the year there are funds required which have not already been authorized by the House of Assembly, and the way that is handled is that there are special warrants; the Lieutenant-Governor agrees that these amounts of monies may be extended on two provisions, one, that the amounts be tabled in the House - the House be informed of that is going on, in other words - and, secondly, that subsequently the House be given an opportunity to bring in a bill, or vote on a bill authorizing these amounts, essentially making them part of the budget in a delayed fashion, I guess.

That is what we are doing here now. There were thirty-three special warrants issued under the authority of the Lieutenant-Governor during 1987-88, the total amount being nearly \$46 million, \$45,866,500. The larger amount was for current account, \$25,936,500, and then there was \$19,930,000 on capital account. Those are the amounts that are now included in this Supplementary Supply Bill.

I might mention, Mr. Chairman, that a certain amount of that nearly \$46 million is recoverable. About \$7.5 million is recoverable from the Government of Canada as a result of certain agreements with Development and Tourism, Career Development, Municipal Affairs and Social Services.

If hon. members had consulted the documents tabled in the House, they will be aware of what these warrants covered. I do not intend to go into them in great detail now. I have information on them available here, and if any information is needed, I will attempt to supply it from these notes.

However, the Supplementary Supply Bill is something that is done in every House, and it is done every year. If we did not have the ability to bring in special warrants and have these validated by Supplementary Supply, government operations would be severely restricted. It is, therefore, a mechanism that if fully authorized under The Financial Administration Act and I therefore move the resolution.

MR. BAKER:  
Mr. Chairman.

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

MR. BAKER:  
Thank you, Mr. Chairman.

This is the amount by which each Department overspent. That is another way of putting it. Any movement of expenditures within departments is handled - if there is any underexpenditure in a certain area, it can be moved somewhere else, where there is an overexpenditure, and so on and this is a normal thing. However, these are over-expenditures in these departments.

AN HON. MEMBER:  
(Inaudible).

MR. BAKER:  
Maybe.

Now then, some of these things I would like to ask the minister about, it will only take a few minutes. Some of them are perhaps understandable. I know that Social Services overspent by \$12 million. That is very understandable considering the tremendous load they had to bear last year, a number of people who have had to go on welfare in this Province.

Municipal Affairs overspent by a little bit, not very much, but as I go down there are two that catch my eye. I wonder if the minister, because he has the list in front of him, indicate what the Special Warrants were for in those two areas.

The first one is Finance. The Department of Finance is not a department that you expect to overspend a lot. It should be fairly easy to estimate expenditures in the Department of

Finance. I mean, their expenditures are easy. It is not like Social Services or any other departments where the expenditures are variable. The expenditures are sort of fixed in Finance, so I wonder if the minister could indicate what the \$5 million in Special Warrants were for in Finance.

The other one that catches my eye right off the top is Rural, Agricultural and Northern Development. I wonder if the minister could indicate what the Special Warrants were for in that particular department? So that is about \$10 million of the \$45 million.

So much of it you can guess at what they are and I know that we were given the Special Warrants months ago, but I do not have them in front of me. I would like a listing of Finance and the Rural, Agricultural and Northern Development warrants.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Chairman, in Finance there were two amounts. The first amount was \$2,225,000. Hon. members will remember that a proposal was put to government to invest in Terra Nova Shoes to allow them to expand their operations in the Harbour Grace area.

That is a very successful company and a totally Newfoundland company. It had an operation in Ontario but they have decided that they wanted to upgrade their facilities, it is an upgrading and expanding plant in Ontario, they decided to do it at this end of their operation.

MR. DAWE:

Not from Ontario to Newfoundland, surely goodness.

DR. COLLINS:

Yes, Sir.

MR. DAWE:

Leaders of the NDP and companies.

DR. COLLINS:

It was done through Newfoundland Industrial Development Corporation, NIDC. Anyway, they were just the mechanism that government used.

The second amount was for \$3.5 million and it was very much for the same thing, although for a different venture. Again, it was for the equity investment by government via NIDC in Newfoundland Enviroponics Limited. This was the equity we put in in the amount of \$3.5 million.

On Rural Development, there were four amounts there. The first two area similar. These were additional funds needed in the first instance for the Rural Development Authority Incentive Loan Programme and in the second instance for the Farm Development loan Board. So those are the two loaning arms of RAND.

The third amount was an amount of \$45,000 that was required for operational funds in the Minister's Office for the balance of the year. As you know the Minister of RAND is one of those ministers who has to relate to a lot of organization both in the Province and out of the Province. It is very difficult for him to predict what he will have to do with any accuracy over the year. It depends on demands made on the department and so on. As the year

went on it was clear his operational funds were insufficient. So there was an amount of \$45,000 obtained under Special Warrant.

And the final amount was for \$487,400 and that was required for two subdivisions, the first one dealing with financial assistance to organizations, the regional Veterinary College in PEI, and that was in accordance with an agreement we had whereby this Province will pay 4 per cent of the operating costs of the new Veterinary College with costs being less in any year if Newfoundland has less than the full complement of students and if PEI substitutes students from elsewhere in our places. So there were funding requirements needed there in the amount of \$112,000.

The other amount to make up the total of \$487,400 was \$375,000. That was required for hog and poultry subsidies mainly because of market conditions. There is an extra amount of subsidy for those two programs, again, for unanticipated movements in the marketplace.

MR. FUREY:  
Mr. Chairman.

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

MR. FUREY:  
Mr. Chairman, I wonder if I could ask the acting Minister of Finance (Dr. Collins), I think he referred to \$45,000 for the Department of Rural, Agricultural and Northern Development, I think he said, for travel. Is that right?

DR. COLLINS:  
And operations.

MR. FUREY:  
Travel and operations. Is that not the amount under the Special Warrant for setting up the new ministry? What is the new ministry's title?

MR. BAIRD:  
Northern Development.

MR. FUREY:  
Northern Development. Is not that \$45,000 to come out --

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

DR. COLLINS:  
I did not say say travel, I said it was for operational funds. I mentioned that it is difficult to anticipate what operational funds that particular department will need throughout the year by the nature of its work. Now, whether it was for that purpose, perhaps the hon. Minister for RND (Mr. Power) will be able to tell us.

MR. FUREY:  
Mr. Chairman.

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

MR. FUREY:  
Maybe I could ask the Minister of Rural, Agricultural and Northern Development about that \$45,000 or the Minister of Northern Development (Mr. Warren). Could the new Minister for Labrador, the Minister of Northern Development, tell us what that \$45,000 was used for?

MR. WARREN:  
Mr. Chairman.

MR. CHAIRMAN:  
The hon. the Minister of Northern Development.



MR. WARREN:

Mr. Chairman, the \$45,000 is a result of the Premier placing me and the Cabinet on January 8, for the requirements needed to carry on the day to day operations, including the use of a vehicle, office staff, salaries. If the hon. gentleman needs more detail, I can get it for him.

MR. CHAIRMAN:

Shall the resolution carry?

MR. WELLS:

Mr. Chairman:

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

Mr. Chairman, just a couple of questions I would like for the minister to explain. First, the net budgeted last year was \$2,455,000,000. That was the net amount to be voted last year, and that is what the Estimates for last year show.

Now the revised Estimates for this year show that revised downwards to \$2,199,000,000. Would the minister explain why there is additional supplementary supply of \$4.5 million? Does the countervailing savings in other departments not apply against it? Does this have to be voted in addition, the total excess in any individual department had to be voted in addition, is that what the position is?

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Chairman, if I understand the

hon. Leader of the Opposition correctly, now he can keep me right, if I got this wrong, he is saying that when the Budget was brought in in the early part of 1987-1988, there was a certain amount in it, whatever that amount was. Then, when the Budget was brought in for this year, the amount was revised down. Now he is asking, does that amount now have to be revised up by this amount here?

If that is the question, no, because when that revised amount was announced in the Budget Speech this year, in regard to the Budget for last year, it was already known that these amounts had been expended over and above allocations through Special Warrants. So they were already included in the revised amount.

It was not really a matter of countervailing savings, I guess, it was just meant that if we had not had to put in these Special Warrants, there would have to be a lower amount. There would be a further revision of the amount. So it was a net amount that was announced for last year in this year's Budget, including these here.

MR. WELLS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

One other question. The minister has indicated a portion of the amount is the \$3.5 million equity in Sprung. Now when the Sprung project was announced, the Premier announced that the equity would be in the form of \$2.5 million in cash and land worth \$1 million.

What, in fact, appears to have happened is that the land worth \$1 million was put in for \$150,000, but the full equity, instead of being reduced by \$850,000, the full equity was put in at \$3.5 million. So I would like the minister, if he would, to explain what happened to the additional \$850,000 that was in the Sprung project, and why steps were not taken to reduce to cash equity in Sprung by the \$850,000 additional capital value of the land, as was announced in the House.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

Mr. Chairman, I would really have to get some further information on that. I think the hon. Leader of the Opposition is saying there was land put in there and I do not think that he is questioning the the value of the land. He is saying that instead of \$1 million being assigned to that part of our equity, it was only \$150,000 assigned to that part of our equity. Is that you are referring to?

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

If I may, the hon. the minister probably remembers the Premier's statement, I have it here. He said that the government was going to put in \$3.5 million. Here are his exact words:

"Firstly, the Province will provide an equity contribution of \$3.5 million. This contribution consists of providing to the joint venture company thirty acres of land valued at approximately \$1 million. The balance of the

Province's equity contribution of \$2.5 million will be in the form of a cash advance to the joint venture company."

Now, based on the Lieutenant-Governor's Warrant that have been tabled in the House, it appears that, in fact, the Province borrowed \$3.5 million in cash, and in subsequent statements filed in the House, the Premier advised that they put the full amount of \$3.5 million in cash, instead of the \$2.5 million as planned.

Newfoundland Enviroponics, on the other hand, got the land worth \$1 million but only paid for it \$150,000 because they got it from a government agency, Newfoundland and Labrador Housing Corporation, which means that the government, instead of having \$3.5 million in equity in it, has \$4,350,000 in equity in it.

Now, bearing in mind the figures tabled in the House as to the construction cost of the project and so on, what happened to that addition \$850,000 in cash, and why was not the government's cash equity reduced from \$3.5 million down to \$2,650,000, which would have had the government holding the addition \$850,000 because the Sprung Company paid \$150,000 in cash for the land?

That is the question that I would like answered.

MR. PEACH:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Minister of Housing.

MR. PEACH:

I would like the hon. member to pose that part of the question

again. I was just outside and I did not get it. I could probably give him an answer to it as it relates to the land that Newfoundland and Labrador Housing had which we provided to Newfoundland Enviroponics.

MR. SPEAKER:

The hon. the Leader of the Opposition.

MR. WELLS:

Well, I do not mind telling the minister, but it does not relate to land at all.

What I am saying is, and I quoted from the Premier's statement he made in May and June in the House of Assembly and to the news media, and he announced that the government was going to make an equity contribution to Newfoundland Enviroponics of \$3.5 million, and that that equity would consist of land having an approximate value of \$1 million and the balance would be in cash, \$2.5 million.

Now we are told that what in fact has happened is the land was put in, but Newfoundland and Labrador Housing was paid \$150,000 for the land that was put in, so, therefore, the value of the land equity, unless the value of the land was worth \$1,150,000, I do not know, but assuming it was worth \$1 million, the equity portion attributable to the land was, therefore, \$850,000. If the government was in fact going to put in \$3.5 million, they should only, therefore, have put in \$2,650,000 instead of the \$3.5 million which they did put in.

What I am asking the government is to explain why this figure should not be reduced now by \$850,000, or otherwise, have the government

account for additional expenditure of \$850,000 in Sprung Enviroponics, and where is that \$850,000? I do not think the Minister of Housing (Mr. Peach) knows very much about it. Maybe he does.

MR. CHAIRMAN:

The hon. the Minister of Housing.

MR. PEACH:

Just as it relates to that particular parcel of land, and the cost, the parcel of land in question was owned by Newfoundland and Labrador Housing. It was appraised by us to be valued at some \$150,000 because of the type of land it was. It was used as a sod farm at one time, it was zoned as agricultural, and the Housing Corporation did provide that parcel of land for a cost of \$150,000.

MR. BAKER:

Mr. Chairman.

MR. WELLS:

That has nothing to do with it.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

Just to follow that along a little further, I do not know if the minister realizes, but maybe if I put the question in a slightly different way. The equity in Sprung was announced by the Premier to be \$2.5 million cash, plus the land. Let us forget about any other figures now. It was announced that the equity would be \$2.5 million, plus the land. Now, we have \$3.5 million cash put in, and the question is: How do you explain the difference? Very simply, that is the question. Maybe the minister understands that.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

At this short notice, I cannot give a straight answer to that but if the committee would like, if they want to proceed with the business before the committee today, we will take it as notice and give the information as early as possible. It may not be today, but we will get it and bring it back before the House completes its business in this session.

MR. WELLS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

I have no problem with doing whatever is convenient to facilitate dealing with the business of the House, but when the answer comes back I want to be able to comment on it and I do not want to be told I am out of order. I would like to know before this matter is voted.

Could we possibly agree to pass all other aspects of it, except this one, and revert to it tomorrow in committee, because we will be here. Why not that, because I want the opportunity to be able to address it, depending on what the answers are. That is the difficulty with what is suggested in providing it as an answer to questions.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

I am sure the hon. Leader of the Opposition knows that there are other finance bills coming up,

other matters are going to come before the House, and you could comment in that venue.

In addition to that, the House can do what it wants by leave and we have no problem, at this point in time, saying that when we provide the information, the House will give the hon. Leader of the Opposition leave for an appropriate response to that information.

I think it would be unreasonable, and I am sure the hon. Leader of the Opposition does not expect this, that we would say we will bring in the information and the hon. Leader of the Opposition would have, say, two hours, to comment on it. He would have time for a fully adequate and suitable response. I think that we on this side, anyway, I do not know if our friends in the NDP would give like commitments to give leave in that manner, but certainly on this side, we would give leave in that way.

MR. BAKER:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the member for Gander.

MR. BAKER:

One further question I would like the minister to address and it was already raised by the Leader of the Opposition, but I do not think an answer was given. I do not know if the minister understood the question or not.

There seems to be a variance here of \$120 million. I will try to explain it. The 1987-88 budgeted figure when it was revised was revised downwards by about \$75 million. I will start with that. When it was revised, it was

revised downward by about \$75 million.

Now then, at that point you knew about it because the Special Warrants had already been issued and that kind of stuff, so you say that that figure does not have to be changed. I understand that.

However, that means that means that whereas the expenditure revised downward by \$75 million, a number of departments, ten or twelve departments here. If the Minister of Health and the Government House Leader are going to argue, I would prefer to wait until they finished their argument.

Okay, the amount was revised downward by \$75 million. Now we are told and we have known for some time that there were certain departments that overspent by \$45 million or \$46 million. You have given us the reasons and you have shown us the Special Warrants. That means that the other departments not listed here then must have underspent by \$120 million, to result in the \$75 million reduction in expenditure.

I can see one other explanation. I can see that the Sprung thing being a new heading, so you would have to account for that here anyway. It would not really be an over expenditure.

But I wonder if the minister could provide us with a list of the departments that underspent and by how much. I am interested for instance the Department of Transportation is not listed here as one of the departments that overspent. The question is then, if they underspent, then by how much did they underspend? Did they underspend in road work, and things like this? Was there

under-expenditure caused by their not really caring about roads getting paved? I do not know, so I would like to know how much the other departments underspent and for what reasons as well? It is something which should be easily obtained with no difficulty.

MR. CHAIRMAN:

The hon. the Minister of Health.

DR. COLLINS:

I could get this figure, but I would like to put something to the hon. member. As you know, the Public Accounts will be brought in, usually they are brought in in October, I think, November at the latest, but anyway, usually October, and in the Public Accounts all these things are laid out there. Clearly when the budget was being compiled in February, we did a sort of mini Public Accounts to see who was underspending and so on and so forth.

We could do it again now in response to the member's request but it really would be a bit of a job to get it done and I am not certain it would be very useful knowing that it was going to come in the Public Accounts anyway.

So if the hon. member will just take it that these will be clearly laid out in the Public Accounts, I think that question will be answered.

MR. STIMMS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the President of the Council.

MR. STIMMS:

Mr. Chairman, to seek clarification, I gather the debate

thus far is concluded. So just to understand, the Leader of the Opposition asked a specific question under the heading of Rural, Agriculture and Northern Development, and so the process suggested is that we would carry everything else except the schedule as it relates to that heading, and then tomorrow we will call this order of business. The Minister of Health, or the Minister of Finance who may indeed be back, can get up and respond to the question.

MR. BAKER:

A point of order, Mr. Chairman.

That is under Finance, not under RAND. I believe you mentioned it under Rural, Agricultural and Northern Development. It is under Finance.

DR. COLLINS:

I think you are right.

MR. SIMMS:

I am sorry! It is under Finance.

So we will pass everything up to the schedule, pass all the schedule except for the Finance special warrants we are talking about, and then the Minister of Finance or the Minister of Health will respond to the question as we call it as the first order of the day. The Leader of the Opposition can continue the debate in summary, or whatever, but eventually we will bring it to a conclusion and move on to another item. Is that the understanding I have?

MR. WELLS:

That is fine. I have no problem with that. I just want to make sure that we have an adequate opportunity to deal with that item when the answers are given, and

move an amendment, if necessary.

MR. SIMMS:

We have no problem with that, Mr. Chairman, if you are prepared to call the rest of it, whatever there is to call.

### Resolution

That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain expenses of the Public Service for the financial year ending the 31st. day of March, 1988, the sum of forty-five million eight hundred and sixty-six thousand five hundred dollars (\$45,866,500).

On motion, resolution carried.

On motion, clauses 1 and 2 carried.

On motion, schedule, with the exception of the Department of Finance, carried.

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

On motion, report received and adopted, Committee ordered to sit again, presently by leave.

MR. SIMMS:

Mr. Speaker.

MR. SPEAKER:

The hon. the President of the Council.

MR. SIMMS:

Mr. Speaker, I have a message from His Honour the Administrator.

MR. SPEAKER:

'Government House, St. John's

Newfoundland, July 4, 1988.

To the hon. the Minister of Finance.

I, the Administrator of the Province of Newfoundland, transmit estimates of sums required for the Public Service of the Province for the year ending the 31st. day of March, 1989, by way of Supplementary Supply and in accordance with the provisions of The Constitution Act, 1867, I recommend these estimates to the House of Assembly.

Noel Goodridge  
Administrator.

MR. SIMMS:  
Mr. Speaker.

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

MR. SIMMS:  
Mr. Speaker, I move that the message together with the amount be referred to a Committee of Supply.

On motion, that the House resolve itself into a Committee of the Whole on Supply to consider the message from His Honour the Administrator, Mr. Speaker left the Chair.

MR. CHAIRMAN:  
Order!

### Resolution

That it is expedient to introduce a measure to provide for the granting to Her Majesty for defraying certain additional expenses of the Public Service for the financial year ending the 31st

day of March, 1989, the sum of twenty-four million dollars (\$24,000,000).

MR. SIMMS:  
Mr. Chairman, if I may relate briefly what transpired, the recent agreement with the federal government provides for some additional funding in ERDA to do some transportation projects, and that additional funding, of course, is cost-shared. But as happens on occasion, and has happened many times in the past, what is required now is cash flow to carry on these transportation projects, to call the tenders and to aware the projects. Until we get approval for that kind of funding that cannot be done, so this is actually a Supplementary Supply bill for that particular purpose.

The amount is \$24 million. I guess the minister has tabled the list in the House, has he?

MR. DOYLE:  
Yes, that was tabled a couple of weeks ago.

MR. SIMMS:  
Yes, he tabled the list of projects in the past. Essentially, that is what this particular Supplementary Supply Bill is all about, and it is with pleasure, then, Mr. Chairman, that I move the resolution.

MR. WELLS:  
Mr. Chairman, we passed the budget on Thursday and we already have a supplementary supply to this year's budget. Two or three days later, we have a supplementary supply bill.

MR. TULK:  
One day. One sitting day, not quite over.

MR. WELLS:

One sitting day.

I am not quite sure why the government is proceeding this way instead of moving amendments to the budget. Of course, you can do it either way. Anyway, it is a peculiarity that does not happen very frequently, if it ever happened before. I am not quite sure if we have ever had supplementary supply within two days of moving the budget.

Anyway, Mr. Chairman, this is the pork-barrelling, this is their means of spreading \$100 million around, this is the blood money for the railway. This is what it is. This is what we are voting on now, and we best know it and realize exactly what we are doing. This is the blood money for which they sold the railway, to get access to an immediate \$100 million in cash so that they could carry out projects in their pet areas to do the government the most political good. Let us understand it. Let us not be -

MR. TULK:

Political good for what?

MR. WELLS:

Well, I suspect an election, or I hope an election may be not too far away.

Mr. Chairman, I do not have the list in front of me tabled by the Minister of Transportation, but I would like to see it. If he has one to send across to me, I would just like to take a quick look at it.

The \$24 million that is being voted means, I believe, that the federal government is going to contribute a fairly substantial amount. The total federal sum is

\$21,923,000 to be used against this sum.

MR. TULK:

What?

MR. WELLS:

That is as I read it here. That is the figure that is in there, and perhaps the minister would explain to me exactly how much of the \$100 million total is represented by this voting authority that is being given here, because I would like to know how much remains.

MR. TULK:

What do you mean, they are putting in all their share now?

MR. WELLS:

No. The provincial share is, I do not remember if it is \$32.5 million and the federal share \$67.5 million, or the provincial share is \$37.5 million and \$62.5 million federal.

MR. DOYLE:

\$62.5 million federal.

MR. WELLS:

Now, does this represent the expenditure of \$24 million of the \$37.5 million? Is this what the situation is? I need to know.

MR. SIMMS:

Whatever the cash flow required for the project. The federal government's portion would be reimbursed to the Province. So, it is \$24 million worth of projects that are cost-shared.

MR. WELLS:

That are cost-shared.

MR. SIMMS:

Of the \$100 million.

MR. WELLS:



OF that, and it appears that about \$2 million of it - \$24 million were cost-shared, of which \$21,923,000 is coming from the government? Is that the understanding of it? I do not quite understand what is set out and I am not sure that the government does. Before we vote on it, Mr. Chairman, I would like to know exactly what we are doing and what is being spent by whom?

MR. BAKER:  
Mr. Chairman.

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

MR. BAKER:  
Thank you, Mr. Chairman.

There is another minor matter with regards to the schedule on the back. Before I point it out, I wish somebody were following over there so I could explain to them what I mean.

AN HON. MEMBER:  
(Inaudible).

MR. BAKER:  
Okay. On the back of the bill, Mr. House Leader (Mr. Simms) Transportation 3.1.01, what you have is the estimates from the Budget and then the Supplementary Supply added on. Now then, there is a total of \$1,100,000 for administrative support. If we look down to 3.2.04, the second lot here, No. 19, Voted in Other Divisions and there is also \$1,100,000. Is that the same \$1,100,000 as was above?

MR. SIMMS:  
(Inaudible).

MR. BAKER:  
No, I am talking about in the Supplementary Supply now.

MR. DAWE:  
It is not the same \$1,100,000 (inaudible).

MR. BAKER:  
It is not the same \$1,100,000.

MR. DAWE:  
I do not think so.

MR. BAKER:  
Is that correct?

I am waiting for some confirmation.

MR. SIMMS:  
Carry on with your comments.

MR. BAKER:  
But I need to know.

MR. SIMMS:  
(Inaudible).

MR. BAKER:  
If in fact that is a different amount, then your totals are not right at the bottom.

MR. DAWE:  
Voted in Other Divisions is \$1,550,000.

MR. BAKER:  
I am talking about in the Supplementary Supply under 04 - Highways - Transport Canada. There is an amount under Supplementary Supply No. 19, Voted In Other Divisions, \$1,100,000. Now, if that is as it says, then your total at the bottom is wrong. That is all I am pointing out. It is \$1 million out or something like that.

MR. BAIRD:  
He should have an adder over there.

MR. DOYLE:  
I cannot understand what you are saying, that is my problem.

MR. BAKER:

Okay. Let us go over it slowly again, because you did not catch the first part.

MR. DOYLE:

Okay.

MR. BAKER:

Let us go to Supplementary Supply - Highways - Transport Canada, 3.2.04, just that section.

MR. DOYLE:

Yes.

MR. BAKER:

Under Supplementary Supply alone, Transportation and Communications - \$400,000; Supplies - \$300,000; Professional Services - \$5,000; Purchased Services - \$22,580,000; Property, Furnishings and Equipment - \$15,000; and Voted in Other Divisions - \$1,100,000. Why is that not in the total?

MR. DAWE:

You are looking at the Estimates and then you are looking at Supplementary Supply. Is that right?

MR. BAKER:

Yes.

MR. DAWE:

Well, the Estimates total up in the neighbourhood of \$33 million. But what we are asking for here in the Supplementary Supply is the \$24 million we know we are going to get out of the ERDA agreement, whether you go into the --

MR. TULK:

He is saying that that column of figures should add up to that figure there. It does not.

MR. DOYLE:

3.2.04 adds up to \$22,900,000.

MR. DAWE:

Out on the totals, there are only two figures. There is \$1,100,000 and a figure of \$22,900,000. Put the two of them together and it makes \$24 million.

MR. BAKER:

Okay, but that \$1,100,000 is added on --

MR. DAWE:

(Inaudible). That is the bottom line.

MR. BAKER:

No, this is what I want to straighten out now. The \$22,900,000 added on to the \$1,100,000 under Administrative Support amounts to \$24 million. What I am saying is the \$22,900,000 is not the sum of the column, Highways - Transport Canada, Supplementary Supply, and should it be?

MR. SIMMS:

I am just checking with the table now. There is a possibility that might have been just a misprint, not a misprint, but an error in printing. We are double checking. Carry on. You must have other questions.

MR. BAKER:

No, that is it. I would like to know what the problem is.

MR. SIMMS:

Any other questions on this particular one or what?

It should not be there, it just should not be there.

MR. BAKER:

It should not be there at all.

MR. SIMMS:

Yes, it is an error in printing. According to the table, it just

should not be there.

MR. BAKER:

The problem is, Mr. Chairman, that if it should not be there, it should not be there.

MR. SIMMS:

Well, I am not going to answer it now anyway. We will wait.

MR. BAKER:

We cannot vote on the bill until we know that.

MR. SIMMS:

We will check it out. I am told by the Clerk that it is an error in the printing. That is what I am told right now.

MR. BAKER:

That the \$1,100,000 should not be there? Or that there was an error in the total?

MR. SIMMS:

Mr. Chairman, if I may.

MR. CHAIRMAN:

The hon. the President of the Council.

MR. SIMMS:

This is going to interrupt the hon. member, but I told him we will check it out, we will get him an answer. Are there any other questions we can respond to them while we are checking that out? That is all. It will delay the whole process to check that out. We will find out what the answer is.

MR. WELLS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

The minister might confirm that this amounts to a proposed expenditure of \$24 million of our \$37.5 million.

SOME HON. MEMBERS:

No, no.

MR. WELLS:

Is that \$24 million out of the \$100 million or \$24 million out of our share?

MR. DAWE:

That is \$24 million out of the \$100 million.

MR. WELLS:

Out of the \$100 million. Okay, and that includes the federal contributions.

MR. DAWE:

In the estimates that amounts to —

MR. WELLS:

Which sum is not shown there when you look at in the Supplementary Supply column? It is shown in the main estimates column, but it is not shown in the Supplementary Supply column. Is there any reason for the difference, if that is, in fact, so?

MR. TULK:

The revenue from the federal government is not shown in the Supplementary Supply.

MR. WELLS:

That is right.

MR. TULK:

That whole line is out of wack.

MR. WELLS:

I think it needs some adjusting.

MR. DAWE:

Obviously I do not think any of us over here were involved in that kind of detail. The thing is you

have \$24 million as part of the \$100 million, that is sixty/forty cost shared and that is the cash flow for this year. I guess it is a matter of trying to sort out what these other figures, if there is any discrepancy, but the bottom line is that \$24 million.

MR. SIMMS:

We will not try to rush through any discrepancies. If there are any, we will take the matter right now, if we may, and defer it to give us an opportunity to check out that particular problem. Okay, we will check it out for sure.

Perhaps the Leader of the Opposition might agree so we can put this on hold, revert back to the other item because the minister has an answer, perhaps we can carry on the debate on the schedule under Bill 41.

MR. WELLS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. Leader of the Opposition.

MR. WELLS:

I have no problem, assuming it is appropriate to do it under this motion, we can move the Committee.

MR. SIMMS:

We can do anything.

MR. WELLS:

I do not know whether that is appropriate or not.

MR. SIMMS:

We can do anything by agreement.

MR. WELLS:

I do not raise it. I just call your attention to it.

MR. SIMMS:

The House can do anything by agreement, is that correct, Clerks? Correct.

So we have agreed now to just adjourn the debate on Bill No. 67, correct?

MR. TULK:

So we are not setting a precedent here.

MR. SIMMS:

We are moving back just so that - without prejudice, no precedents - we are moving back now to Bill No. 41, to deal with the schedule of Bill No. 41. Mr. Chairman can call the schedule. The Minister of Health (Dr. Collins) will answer the last question. The member for Menihek (Mr. Fenwick) agrees with me for sure.

DR. COLLINS:

Mr. Chairman.

MR. CHAIRMAN:

The hon. the Minister of Health.

MR. SIMMS:

I am sorry. We should check here.

SOME HON. MEMBERS:

Oh, oh!

MR. SIMMS:

I move that the Committee rise, report progress and ask leave to sit again.

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

MR. SPFAKER (McNicholas):

Order, please!

The hon. the member for Terra Nova.

MR. GREENING:

Mr. Speaker, the Committee of the

Whole have considered the matters to them referred, have directed me to report progress and ask leave to sit again.

On motion, the Committee of the Whole have reported progress, ordered to sit again presently by leave.

MR. SIMMS:

The Committee are going to sit again now, Mr. Speaker.

SOME HON. MEMBERS:

Oh, oh!

MR. SPEAKER:

It is moved and seconded that the House resolve itself into a Committee of the Whole House. All those in favour "Aye". Those against "Nay", carried.

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

### Committee of the Whole

MR. SIMMS:

Motion 2.

MR. CHAIRMAN:

Motion 2, the Hon. the Minister of Health.

DR. COLLINS:

Mr. Speaker, on that particular point about the equity investments through NTDC into Newfoundland Enviroponics. I think, our memories were not sharp, and I include myself in that. I did make an inquiry and what was put in originally was not really land that was a \$1 million. It was land and infrastructure. As hon. members know, that was that raw land out there, as a matter of fact, I think it was just

bogland. So there had to be a certain amount of infrastructure and services put in there to actually fit into the land category.

Originally the arrangement was we would supply the land from NLHC and we would put the land, that is government, as part of its equity, we will put land into a suitable condition so that the structure could be erected on it. When we got down to cases, it was clear that that was an inefficient way to do it. There were going to be contractors in there over the construction with front-end loaders, concrete trucks, employees, and whatever, and government would have to put in the same sort of personnel to prepare the land. They would go out, and then other contractors would go in with the same sort of equipment, and the same sort of work, and carry on.

So, it was said, 'Look, it is more sensible that instead of government itself going out and contracting to put in those services, we would let the contractor who was going to built the facility put in the services, and we would pay that contractor for it through Newfoundland Enviroponics as though we were doing it ourselves.' As a matter of fact, if we had done it there was an estimated amount that it would cost about \$850,000 to do that. That was an estimated amount. When we went to tender, or whatever, it could have been a different amount, it could have been a considerably greater amount.

Anyway, there was an arrangement made that Newfoundland Enviroponics would allow its contractor to put in those

services, and that \$1 million that was assigned for that, would cover the actual bog land itself and the putting in of those services. That is why there was no change in the bottom line amount. There was still the \$2.5 million cash, the \$850,000 that the Newfoundland government was going to have to spend for services anyway, but now that was being done by the contractor of Enviropenics, and the \$150,000 that was the assessed value of the land on the NLHC books.

It was really just done a different way but it came to the same amount.

MR. CHAIRMAN:

The hon. the Leader of the Opposition.

MR. WELLS:

This may take a little while, it will take a few minutes. I cannot do it in just a minute or two, so we can rise the committee and come back and deal with it tomorrow.

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

MR. SPFAKER (McNicholas):

Order, please!

The hon. the member for Terra Nova.

MR. GREENING:

Mr. Speaker, the Committee of the Whole have considered the matter to them referred, have directed me to report progress and ask leave to sit again.

MR. SPEAKER:

The Chairman of the Committee of the Whole reports progress and asks leave to sit again on tomorrow.

The hon. the President of the Council.

MR. SIMMS:

Mr. Speaker, tomorrow we will be calling these two outstanding items under the Finance motions, 41 and 67, and if we conclude those tomorrow, we will be moving into the continuing debate on Meech Lake from whence we adjourned the last time, whenever that was.

AN HON. MEMBER:

When?

MR. SIMMS:

Tomorrow. Do you want me to repeat it again? These two we deferred today, okay, and then Meech Lake, depending on how far we get tomorrow. I am not doing 4 and 5 tomorrow, but maybe, later on, next year, next week, next month, whenever.

On motion, the House at its rising adjourned until Tuesday, June 5, 1988, at 2:00 p.m.

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