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Speaker: Honourable Thomas Lush

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The House met at 9:00 a.m.

Mr. Speaker (Lush): Order, please!

Oral Questions

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: Thank you, Mr. Speaker.

Mr. Speaker, beginning the end of this week, I guess, the Premier will be representing the people of Newfoundland and Labrador at what may very well be the most important federal/provincial conference to be held for Newfoundland and Labrador since this Province joined Confederation in 1949.

Mr. Speaker, I wonder if the Premier would tell the House whether or not he will keep in mind the interest of what appears to be a growing and greater, greater number of Newfoundlanders and Labradorians who want to see the Meech Lake Accord approved?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I will keep in mind their interest, because their interest, really, is no different from the interest of all of the people of this Province, all of the people of the country for that matter, to ensure that we put in place a constitutional structure that will provide for the preservation of the Canadian Federal system, and an opportunity for all of the people of this Province to participate fully, and have an ability to participate fully, on a reasonably comparable basis with citizens in the rest of the

country. This is ultra-important.

Now I know certain groups of people feel that the impact of this uncertainty impacts on them. I understand the concerns of the business group that met yesterday and made this announcement. This is the growing numbers I assume the Leader of the Opposition is talking about. I understand and appreciate their concerns. Those people have put tremendous effort into building economic and business activity in Newfoundland, albeit for their benefit, but in the process they create economic activity and jobs in Newfoundland, and I give them credit and I understand their concerns, and I do not want to do anything that will in any way adversely affect them. But, in the overall, I must take into account the overall interest of 570,000 people in this Province, not the growing 200 people or 300 people who have these kinds of concerns to the exclusion of the interest of all of the people of the Province.

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: A supplementary, Mr. Speaker.

Mr. Speaker, the Premier referred to the group that made a public statement yesterday. Surely, the Premier will know and acknowledge that that group included businessmen, lawyers, academics, people from all three political parties -

An Hon. Member: (Inaudible).

Mr. Rideout: Oh? No. I do not know about you, but (inaudible) was a member of this party -

Mr. Speaker: Order, please!

Order, please!

The Chair has, on several occasions, reminded hon. Members about interruptions when people are either answering or asking questions.

The hon. the Leader of the Opposition.

Mr. Rideout: Thank you, Mr. Speaker. As I was saying, that group was a group, obviously, which included people across all political spectrums and large representatives of the community, and I want to ask the Premier this: Does the Premier believe those people are sincere in their view, their strongly held view that the Meech Lake Accord must pass or Canada stands a chance of being fractured and this Province stands a chance of suffering dramatically?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I have no doubt they were sincere. I said the business group, because it was three businessmen who came to see me: Mr. Collingwood, Mr. Ayre and Mr. Dobbin, and it was the three businessmen who signed the letter and the proposal. I know they have sought and I know they have received some support from others who are not business. I acknowledge that. I don't deny that. I took it to be the initiative of a group of businesspeople, and I believe that's what it is, in fact, because it was the three businesspeople who came to see me. When they came to see me, one of them said, 'We know what you've been doing. Basically, we think you are right.' He said, 'I have talked to people all across this

country who think your position is the right position, but now we are concerned because others are resisting what you have said is the right position, and what we agree with is the right position, it may cause the country to fracture.'

I say to the hon. the Leader of the Opposition that this is the result of this kind of thing that you saw coming out of Ontario, fueling a sense of national crisis, the cause to be adopted, the Meech Lake Accord as it is, without logically thinking and assessing about what the impact will be and what's best for the country. And I disagree with the Leader of the Opposition. I think that is the wrong way to approach it. Nevertheless, I respect his opinion that we should take into account their concerns because of what they apprehend as a possibility in the future.

Mr. Speaker: The hon. the Leader of the Opposition.

Mr. Rideout: Mr. Speaker, surely the Premier is not suggesting to this House and to the people of Newfoundland and Labrador that there is no reason to be concerned for the future of Canada. If the Meech Lake Accord fails, isn't the Premier concerned that Canada will be fractured and that Canada, in fact, could in reality break apart? Isn't the Premier concerned about that, Mr. Speaker?

Mr. Speaker: The hon. the Premier.

Premier Wells: Yes, Mr. Speaker, I am immensely concerned about that. I can't think of that as a possibility. But I am also concerned about the 570,000 people in this Province whose per capita income is 58 per cent of the

national average because of the system we have in place, and I want to avoid putting in place constitutional changes that will lock us into that forever. That is the concern I have. I am concerned about what the person who sits in this seat fifty years from now will have to face. I have to be concerned about that. And, unlike that group that got together yesterday, I do not have the luxury of thinking only about the dollar impact on me over the next three to five years. I cannot think about that.

An Hon. Member: (Inaudible) that is not true.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

Ms. Verge: Is that what (inaudible) about?

Mr. Speaker: Order, please!

The Chair made a ruling a minute or so ago to Members to my left, and the same rules equally apply to Members to my right.

The hon. the Premier.

Premier Wells: I do not disagree with those who express the opinion that if the Meech Lake Accord does not go through it will disrupt economic activity in this country and will cause significant difficulty in this country. I cannot say that that is not so. Yes, I am apprehensive about it. I am vitally concerned about it. But I have to weigh that possibility against where the Meech Lake Accord constitutional changes will leave the people of this Province and the people of the country over the next decades and centuries. I have to balance

that.

And if the people of this Province are to sell their opportunity to be, to have political and social and economic independence in this country for the next decades and century, it will be the people of this Province who will do it; I will not ask this Legislature to force it on them against their wishes.

Mr. Speaker: The hon. the Member for Humber East.

Ms. Verge: Thank you, Mr. Speaker.

I say to the Premier that he is underestimating the integrity and the motives of the businesspeople and the academics and the artists and the cross-section of people in this Province who are growing in number in urging that the Meech Lake Accord be ratified.

Now my question to the Premier has to do with Manitoba Liberal Leader Sharon Carstairs. Ms. Carstairs has been a close ally of the Premier's in opposing the Meech Lake Accord. Ms. Carstairs said in a revealing interview featured in The Globe and Mail this week - I have a copy here - that she has given up on Quebec now. She has concluded it is inevitable that Quebec is separating, and she is now concentrating her effort on preventing the other nine provinces from breaking apart, and on fashioning a Constitution for Confederation of nine provinces without Quebec. This is the interview. My question is, will the Premier tell this House whether Ms. Carstairs' assessment and sentiments are shared by him?

Mr. Speaker: The hon. the Premier.

Premier Wells: Let me first

address the comment about underestimating the integrity of the businesspeople who came to see me. I have not and I do not now, I simply reflect precisely what they said to me. They indicated clearly to me, or at least one of them did; one of them gave an affirmation, the other was stronger in the other direction. So, there wasn't unanimity in their position.

One of them said, 'We understand and support the position you have been taking, and I have talked to people all across this nation who express support for your position.' This is what they said to me. 'But now we see this is coming to a crisis and we think we see a possibility of it having a significant adverse effect on the country, it could cause the country to break up. So, notwithstanding that we think you are right, we think you should give in.' Now that is the position they have taken, so I have not underestimated their integrity, I have simply reported to the House what one of the three who came to see me said.

Another one affirmed that he agreed with the stand that Newfoundland had been taking, but now he was concerned about the impact. And the other one said, No, he thought we should not do this anyway. He appreciated and understood the position we had taken, but we should give in to Quebec's position.

Now, I have not underestimated their integrity. I know they have sincere and deeply held concerns, and I respect their opinions. So I do not want anybody in this House to misrepresent my response to them.

The second question the hon. Member asked was the assessment which she characterized or attributed to Ms Carstairs. I do not know what the Globe and Mail did, I only know what the hon. Member did and I know she cannot read specifically in the House in a Question. I will get the article and take a look at it.

I would be most surprised to find that Ms Carstairs has, in fact, taken the position that was represented by the hon. Member, but I cannot quarrel with it because I have not read the story, nor have I talked to her about that issue. That is inconsistent with the discussions I have had with Ms Carstairs. And if that is her position, I do not accept it, I reject it.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Speaker. Another question for the Premier. The Premier is a lawyer and he has had a much longer career practicing law, working in an adversarial atmosphere, than he has had in politics. Will the Premier agree that as he represents the interests of 570,000 Newfoundlanders and Labradorians at the First Ministers' Conference, in Ottawa, this Sunday, he must abandon the adversarial approach of a lawyer and don the mantle of a statesperson?

An Hon. Member: Good question.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

My question is to the Minister of

Fisheries. In light of his comments at the rally in Grand Bank last Saturday, when the town once again rallied to save the fish plant, the Minister made certain inferences at the rally that he had contacted the Federal Minister of Fisheries, Mr. Valcourt, concerning port quotas, of course, which was very pleasing to the ears of the approximately 400 people present. I would like to ask the Minister, can he confirm that he has written the Federal Minister of Fisheries, Mr. Valcourt, in support of port quotas, and has he, indeed, asked the Federal Minister to consider this concept when allocating fish quotas for next year?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I should set the record straight, I suppose, in respect to what the hon. gentleman said about port quotas.

In my speech to the people in Grand Bank last weekend, I said it is obvious that the current system of enterprise allocations, a system which was devised back when we had lots of fish, needs to be reviewed. I said there are a number of options which could quite possibly be looked at, including port quotas, but I certainly did not come out and suggest that there be port quotas. Certainly I said that is one of the options. Maybe vessel quotas would be an option, for example; maybe a modification or improvement on the existing enterprise allocation system and, again, maybe port quotas.

Yes, I have written the Minister, on May 17 actually, in which I have outlined some concerns about

the current system. My concerns were sparked by virtue of what could happen in Burgeo, and that has been an issue in the House, where it has been reported that the current operator of the Burgeo plant is contemplating selling the plant.

I have some fears as to what might happen to the plant in Burgeo, if that sale is consummated. There is nothing on the books now in Canada, or in this Province, that would compel that company, NatSea - National Sea - to leave their quotas in Burgeo. That could be devastating on the town of Burgeo, and that is what sparked my letter to the Minister, asking him to review the whole system and to give me some kind of an assurance that if and when the sale is consummated that is now envisaged for the plant in Burgeo, that the enterprise allocation will not be jeopardized, that the new operators will continue to keep that allocation.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

I would just like to say to the Minister that the Burgeo situation is not comparable to the Grand Bank situation. From day one, when National Sea Products entered into negotiations with the consortium of companies to sell the Burgeo plant, they voluntarily - voluntarily - offered that allocation of fish to stay with the Burgeo plant.

Now the Minister has piggybacked on that and tried to take some credit for it. But let me say to the Minister that in essence what he said in Grand Bank, and the

people were very pleased to hear him say it, that where an enterprise allocation is owned by a certain company, if that company decides to pull up its roots and move on somewhere else, that allocation should not be allowed to leave that plant.

An Hon. Member: That is what he said.

Mr. Matthews: Now the Chairman of the Fisheries Committee in Grand Bank rose that day, Mr. Speaker, and thanked the Minister for this change in policy and thanked him for supporting port quotas. I say to the Minister, is the Provincial Government supporting the concept of port quotas? If so, has he corresponded in writing to the Federal Minister outlining this, and has he received any information back from the Federal Minister on whether or not he will be receptive? Because he certainly left the people of Grand Bank with the impression that the Provincial Government was supporting port quotas.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, in getting back to the first part of his question about the Burgeo situation, of course, National Sea has volunteered, and I underline the word 'volunteered', to allow the quota to remain in Burgeo, but it is only because they have seen fit to do that. The Federal Government does not have any law or any regulation that will compel them to do it, nor does the Province.

And I take issue with that, because what you are doing in a case like that, that enterprise allocation, for example, which is

now needed to keep the Burgeo plant operating and the community alive, could very well be transferred to a Nova Scotian fish plant. And it might very well be. Who knows? There is nothing on the books to say that has to stay in Burgeo, and it was in that context that I wrote the Minister and that I made my speech in Grand Bank. And I have asked the Minister to join with the Province in setting up what I call a blue ribbon type committee, a committee of people in all sectors of the industry and society in Newfoundland, to look at the whole broad spectrum of where we are going in the fisheries in the Province, including enterprise allocations, and let us see where we are and where we want to go. Because enterprise allocations were brought in at a time when there was lots of fish and when companies got certain quotas. It was a free-for-all sort of thing, and at the time it served a purpose. But like everything else after - what? - seven or eight years, there is obviously a need for review.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

What it seems like to me, Mr. Speaker, is that the Minister knew full well what would be pleasing to the ears in Grand Bank on Saturday, because the concept and the pressure for port quotas was started by the people of Grand Bank, once they found out that Fishery Products International was closing down their fish plant.

I would like a supplementary, Mr. Speaker, to the Premier. I see the Premier is being distracted,

but I will wait. I have a supplementary question for you, the Premier.

Premier Wells: Oh, I apologize, Mr. Speaker.

Mr. Matthews: Sir, no problem. A supplementary for the Premier, Mr. Speaker. I would like to ask the Premier in light of what the Minister of Fisheries said in Grand Bank on Saturday, and I would just like to run through it once again, what he said was, 'That where an enterprise allocation is owned by a certain company, if that company decides to pull up its roots and move on somewhere else, that allocation should not be allowed to leave that plant.' My supplementary for the Premier: Is that now the Provincial Government's position? Is that the Provincial Government's policy? And is this not a significant shift in Government policy on this particular port quota issue?

Mr. Speaker: The hon. the Premier.

Premier Wells: No, Mr. Speaker. There has been no shift in Government policy on the port quota issue. The Minister of Fisheries has stated quite clearly what Government policy is, that he thinks it is time to address the whole question of quotas; and maybe enterprise allocation is no longer suited; and maybe the fact that we have run into the kinds of difficulties we have now with the shortage of fish, that makes it necessary for us to revisit the whole question and look at, amongst other things, vessel quotas, as he has mentioned. That may make a good deal of sense, to think in terms of vessel quotas. It may well be an appropriate way to do it. Port quotas may be the

appropriate way. No, there has been no shift in Government policy, the policy that has been stated all along for Government remains as it was. The Minister has written the Federal Minister and has suggested that it is time for a general review, and I agree with that.

Mr. Speaker: The hon. the Member for Grand Bank.

Mr. Matthews: Thank you once again, Mr. Speaker. Yes, I agree with that, as well, with the review. No one can argue against that. But what we have to remember, Mr. Speaker, when you talk about vessel quotas or allocations, is that the companies deploy the vessels and Fisheries Products International has now set up four trawler ports and taken vessels which, in essence, belonged to towns like Grand Bank and has deployed them somewhere else. So that will not work.

My supplementary to the Minister of Fisheries: Would he table the correspondence he sent to the Federal Minister so that we can have a look at it and see, in essence, what he is proposing to the Federal Minister? Would he consider doing that?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, I certainly will. I have nothing to - I was going to say hide, but that is not even the word to use - withhold from the House in terms of that letter. It is a letter, in fact, which is a two or three page letter. I will take his question under advisement, and quite possibly I will table the letter next week.

But certainly, getting back to the question he asked, the matter, Mr. Speaker, of enterprise allocations, the whole spectrum of the way fish is being allocated, I think needs to be reviewed. I repeat, we have asked the Minister to set up a committee of highly placed people within the industry and Newfoundland generally, to look at the whole broad spectrum of fisheries development, allocations, for example, and licencing policy. We are hoping to get that kind of a committee in place. I will take under advisement the question, and possibly table the letter next week.

Mr. Speaker: The hon. the Member for St. Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker.

My question is also to the Minister of Fisheries. I wonder if the Minister is now in a position to give us the final details on the agreement with the operator of the Twillingate plant - how much is the management fee? How much is the lease? and other pertinent details.

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, the agreement the hon. gentleman is referring to was entered into between a receiver appointed by the Newfoundland and Labrador Development Corporation and Dr. Ches Blackwood's company. I have discussed the matter with my colleague, the Minister of Development, and I understand he has the document now ready to table. I presume that when he comes back into the House next week, he will be tabling it. It is his responsibility to table it,

not mine.

Mr. Speaker: The hon. the Member for Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker.

I thank the Minister for his answer. The Minister has recently been instrumental in arranging for a lease of a building in Trepassey, also owned by NLDC, to a local concern. Will he tell us under what conditions the building was leased, because I know he knows, and for how long and for how much?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, the hon. Gentleman is not correct in what he is saying. This Minister did not arrange for the lease of a building in Trepassey to the - I presume you are talking about the Devereaux family, or company. Again, that is being negotiated by the Department of Development. The building is owned by the Newfoundland and Labrador Development Corporation, and I understand that the Economic Recovery Team, the Department of Development and the NLDC have been talking to a certain gentleman in Trepassey. I am not sure if there is a deal made yet, but, again, that's a question that would be more appropriately asked the Minister of Development.

Mr. Speaker: The hon. the Member for St. Mary's - The Capes.

Mr. Hearn: Thank you, Mr. Speaker. I say to the Minister, that is not the information being circulated; the information is that the Minister was pretty heavily involved in it. Could I ask the Minister what licence or

licences have been issued to the operation, and what conditions, if any, are attached to the licences?

Mr. Speaker: The hon. the Minister of Fisheries.

Mr. Carter: Mr. Speaker, as the hon. gentleman knows, for some years now the company in question has been endeavouring to get a primary processing licence, and consistent with our policy, to which we are adhering right to the letter, I should say, we rejected his request for a primary processing licence. He appealed that decision and the Appeal Board upheld the decision of the Department of Fisheries. I understand he has already gotten a secondary processing licence on which there isn't an embargo or a freeze. I will certainly find out next week exactly what licences he has and report, but I can tell you now he does not have a primary groundfish processing licence:-

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: Thank you, Mr. Speaker. I would like to direct this question to the Minister of Municipal and Provincial Affairs. A year ago, the Newfoundland and Labrador Heritage Coalition met with the Minister and made a request that he establish a task force on Historic Resources similar to the Task Force that was established on the Arts. Now, I understand that the Minister's response was very positive. I think the group came away from the meeting certainly very pleased, but the Minister said he would not be able to establish that task force until the Arts Task Force had reported. Now the Arts Task Force has been in the Minister's hands for the past two months, so

I would like to ask the Minister, what is the status of the request of the Newfoundland and Labrador Heritage Coalition concerning a task force, if the Minister, in fact, does intend to establish a task force, and if so, when?

Mr. Speaker: The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: Yes, Mr. Speaker, indeed I have met with the Heritage Coalition and we discussed the idea of a task force. I think it has great merit. We are presently considering, however, the results of Dr. O'Flaherty's Committee, formed to look at the Arts and Culture in the Province, and I wanted to complete that review and, of course, make recommendations to Government. We are in the process now of doing a summary for Government of that Task Force review, which was quite extensive, and following the submission to Government, I do plan, in fact, to consider, and most likely proceed with, another study of heritage in this Province. So, I will be reacting to the Heritage Coalition in a positive way, I feel sure, but it is premature now, as we are still in the process of dealing with the Arts study.

Mr. Speaker: The hon. the Member for St. John's East.

Ms Duff: Mr. Speaker, I am not quite sure I understand why it is premature, given that there is almost a critical neglect in the whole area of historic resources and they are two totally different areas, with different manpower, different groups involved, why could they not be parallel tracked?

I would like to ask the Minister if the delay in dealing with even the Arts Task Force and with this request and a number of other very important initiatives within those two divisions, is related to the fact that there are so many vacancies in these Divisions. The two Director positions, of both Culture and Historic Resources, have been vacant since the early retirement program, and I think there are either eight to thirteen other vacancies in important positions in these relatively small Divisions. Does that, in fact, have a bearing on the fact that everything seems to be happening very slowly? And when would the Minister be intending to fill the Director positions and the other vacancies within those two Divisions?

Mr. Speaker: The hon. the Minister for Municipal and Provincial Affairs.

Mr. Gullage: Mr. Speaker, I am not aware of thirteen vacancies, as the Member suggests, in the Department. I do not think thirteen vacancies exist. I would be very surprised if they do.

As far as the Director of Cultural Affairs is concerned, at the request of Dr. O'Flaherty and the Committee, we delayed that appointment of the Director. They asked to have input into the mandate of that particular position, the job description and so on, and, indeed, we have that input now in the Arts study.

Ms. Verge: But yet you have not changed (inaudible).

Mr. Gullage: So, there has been no undue delay in the study. We are taking the time that is necessary; my officials are taking

the time, along with me as the Minister, to review the study and that is the normal process. It is unheard of to release a study commissioned by the Government prior to the Government seeing it.

Ms. Verge: Are you going to do this with the Hughes Commission Report?

Mr. Flight: Oh, what a mouth?

Mr. Speaker: Order, please!

The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: So, Mr. Speaker, everything is indeed on time. We do plan to fill the position of the Director of Cultural Affairs as quickly as possible after Government reviews the report and we make decisions on the details of the report.

An Hon. Member: You are like cold molasses trying to get up a hill.

Mr. Speaker: The hon. the Member for St. John's East.

Ms. Duff: It is my understanding that back in January the Cultural Task Force actually sent the Minister information and basically advised him to proceed with the appointment of the Director, because the groups are very concerned about the impact on initiatives in the Arts of not having a Director in that Division. So, I think we are not proceeding in the normal course. I think there are very undue delays.

Is the Minister aware that there are very serious morale problems in these Divisions, particularly in Historic Resources, and that there is a growing concern in the

community, both the Arts and Historic Resources Community, about the lack of action on a large number of very important cultural and historic initiatives?

Mr. Speaker: The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: No, Mr. Speaker, I am not. As a matter of fact the contrary is true. In my discussions with the Directors and with people involved in the various divisions within -

Some Hon. Members: There are no directors.

Mr. Gullage: The various people, as well involved with the Arts in this Province, they are very, very pleased as to the way the various Divisions are being run. The only complaints I get, are from the opposite side.

Mr. Speaker: The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you very much, Mr. Speaker. I have a question for the Premier.

Mr. Speaker, a number of months ago the Premier visited the community of Davis Inlet, and he met with the Band Council and the Band Chief at the time. I believe it is fair to say that the Premier did see Davis Inlet in a very poor condition. The community needs a major cleanup. Environmentally, it was disastrous. There are problems with health and sanitary conditions in the community, and the Premier realized this when he was in Davis Inlet a number of months ago. The Premier, during his meeting with the Band Council, indicated to the Chief that his Government would be willing to

help finance a major cleanup in the community.

Could the Premier advise if he will carry out this promise to the Band Council in Davis Inlet? If so, when can they expect to get some finances to cleanup the community, as we are now getting pretty close to the snow being gone and it is now the right time to do so?

Mr. Speaker: The hon. the Premier.

Premier Wells: It is not a question of if we will, Mr. Speaker. The commitment is being honored by work already in progress toward achieving that. A committee made up of representatives of the Departments of Health, Social Services, Justice, and Education are working on the matter right now. Yes, the commitment is there. The need is great in the community. But it is not just a question of, as the hon. Member says, 'give the Community some money to do that.' That will not work. It has been done in the past, that approach has been tried in the past, and it has been unsuccessful. So we are trying another approach, where people responsible, with governmental responsibility for environment, health, justice and education in the Province generally, are going to be directly involved in it, working with the people of the community to resolve the problem in that way, not just throw some money at the community.

Mr. Speaker: Question Period has expired.

Members, before proceeding to the next item of business, we would like to extend a welcome to some students from a couple of schools

in the Province. So first I would like to extend a warm and cordial welcome to twenty Grade VIII and IX students from the John Burke School in Grand Bank, accompanied by their teachers, Mr. Arthur Cluett and Mr. Gordon Vallis.

Some Hon. Members: Hear, hear!

Mr. Speaker: Secondly we would like to welcome to the galleries thirty-six Grade V and VI students from the Newville Elementary School, New World Island, accompanied by parents Mrs. Evelyn Reddick and Mrs. Halda Grimes and three teachers Marjorie Green, Roland Hamilyn, and Wilbert Hawkins.

Some Hon. Members: Hear, hear!

Mr. Speaker: Also I would like to advise hon. Members today that we are losing one of our press reporters and that is Ms Sandy Courtney. This is her last day and on behalf of hon. Members we would like to express -

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Speaker: I think that shows the high regard which hon. Members hold for Ms Courtney and we want to thank her for her efficient job in the past and wish her well in her new job.

Some Hon. Members: Hear, hear!

O O O

Mr. Speaker: I am sorry, the Speaker went ahead, back to C.

Presenting Reports by
Standing and Special Committees

Mr. Speaker: The hon. the Minister for Works, Services and Transportation.

Mr. Gilbert: Thank you, Mr. Speaker.

I would like today to table the report of the exceptions to The Public Tendering Act for April, 1990.

Mr. Speaker: A Page will be there momentarily.

Are there further reports by Standing and Special Committees?

Orders of the Day

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Thank you, Mr. Speaker.

Just a very brief point of order before -

Mr. Speaker: The hon. the Government House Leader on a point of order.

Mr. Baker: We are into second reading of Bill No. 30, the Kruger Bill, and the hon. the Premier was not here yesterday. I know the Member for Humber East was in the middle of a speech, but could we 'by leave' postpone the remainder of her speech to allow the Premier to respond to a number of questions, because he has to leave very shortly, Mr. Speaker.

So I wonder if 'by leave' we could do that?

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Yes, Mr. Speaker, on

behalf of the Opposition I give leave. Yesterday we progressed faster than some of us expected, and got into the Kruger Bill, as we call it, when neither the Premier, nor the Minister of Forestry, nor the Minister of Environment, nor any Minister knowledgeable about the effect of the Bill was in the House.

The first couple of speakers on our side, the Member for Mount Pearl and myself, both asked questions; since the Bill simply gives the Government authority to execute an agreement along the lines of one deposited with the Clerk of the Executive Council.

We would like the Premier or some representative of the Government to explain the gist of that agreement and then we will resume debating the principle of it. Mr. Speaker, the understanding is, that after the Premier finishes, I will be able to resume my presentation and use the time remaining to me out of the thirty minutes allotted.

Mr. Speaker: The hon. the Premier.

Premier Wells: Thank you, Mr. Speaker. I thank hon. Members opposite for their courtesy.

Mr. Speaker, when Kruger took over the mill in Corner Brook, bought it from the Bowater organization in 1984, they gave certain commitments with respect to modernization of the mill and refurbishing it so as to make it a very competitive mill.

Their projected expenditure at the time, if my recollection serves me correctly, was they projected something like \$197 million dollars would be spend in the modernization program. In fact,

they have spent even more than that, and they have done a very good job.

And here, lest I forget it toward the end, I ought to express on behalf of the people of the Province, but in particular the people of the western Newfoundland area, more significantly affected by the mill operations in Corner Brook. The Kruger ownership of Corner Brook Pulp and Paper has resulted in a tremendous improvement in the performance and operation of that mill, and in the capability of that mill. I want to commend the company and the owners of the shares of that company for their dedicated effort. I know they are motivated to earn profits for themselves, but that is a very respectable and noble motive, and I endorse it fully.

But I want to say, Mr. Speaker, the Government is very pleased, as I am sure the former Government was very pleased, with the performance of the Kruger company. And I, perhaps, have a more personal involvement in that than anybody else. In the process, I do not want to fail to commend the Bowater Group for their 50 years of dedicated effort and contribution to western Newfoundland. And don't anybody underestimate that effort. The history that has been written, and when the complete history is totally written; it will be seen that the Bowater companies made a tremendous contribution to the economic development of western Newfoundland, in particular, and indeed, the whole Province.

But change comes, even after 50 years, and their priorities were changed. They decided that they would either close or sell the

mill in Corner Brook. They worked with the former Government to try and find a buyer, and they did find a buyer, and that buyer was Kruger. I want to commend both the Bowater Group, but also to particularly commend the Kruger organization for their completion of their commitment to the modernization of that mill. They have indeed, in fact, spent more.

There is also a need for further improvement to correct the extensive environmental problems that are characteristic of these old mills. That environmental correction problem is going to cost, in order to do it correctly, a good deal more than was originally anticipated. As a matter of fact, approximately \$38 million will be required in order to carry it out in a proper way, and the Government is insisting that it be carried out in a proper way.

Corner Brook Pulp and Paper agrees with this, but they are also concerned that the timing of the program, right at this particular time, when there is a general downturn in the newsprint industry in the world, and pressures on the prices; that their projected cash flow will be affected as a result of that.

Carrying out the modernization program as they did, with an additional expenditure of some \$25 - \$30 million over and above that which they projected, and then having to carry out an even more extensive environmental improvement program than had been projected; may in these particular circumstances, market circumstances, put undue pressure on what is already predicted to be a fairly tight cash flow situation.

We are concerned, the Government is concerned, that the environmental improvement program not be delayed. At the time the mill was sold, the Government of the day put in place what is called a PUT Agreement. That Government did not, as such, guarantee any of the Kruger loans necessary to carry out the refurbishing and modernization of the mill. Instead, what the Government did - I suppose you could say it was a kind of a guarantee in a way - was firmly agreed to buy the Deer Lake Power Plant from the banks if the mill could not meet its obligation to the banks for the money it borrowed. The Government agreed that when you realize on the assets, we give you a commitment beforehand, we will purchase the Deer Lake Power facilities for \$30 million. Thus the banks knew that there would be available to them at the very least \$30 million from the sale of that asset, so that gave them a certain level of comfort.

Now it is all very well to say it is not a guarantee, but it is in the nature of a guarantee in that they guarantee they will purchase something. That worked very well. The guarantee had a limit on it. When the company earned \$30 million net profit, the obligation disappeared. The PUT obligation fell off the table.

Well the company has reached that. They have done very well with the mill. Now they have reinvested that entire \$30 million back into the mill and the Government can only be impressed with their performance. That is why I want to express that appreciation this morning.

Mr. Speaker, I can only sincerely

hope that the total absence of reporters in the press gallery does not mean that they are not listening to this because frankly, I think it is not enough for me to write the Kruger Company and express that approval, I think it is important that the people of Newfoundland see that their Government acknowledges the contribution the Kruger Company has made.

Now, Mr. Speaker, in order to have an adequate cash flow to continue the operation of the mill and to carry out the \$38 million capital program to do the environmental correction that is necessary, the Kruger Company has said to the banks, will you agree to postpone the repayment. We can repay what we had agreed to repay at the time of the modernization. We have earned a profit. We have the ability to repay it. But will you agree to postpone the repayment of it to allow us to use that capital to do the refurbishing for environmental purposes?

The banks have said yes, we agree with you. We are prepared to do that. We have great confidence and great faith in you and in the Corner Brook mill and its future. We are prepared to do that, but do you suppose the Government would be prepared to put the PUT back in place on similar terms and conditions to a level that would approximate, or come close to approximating, the additional capital that you have put in for modernization and environmental improvement.

So they have asked the Government if the Government would agree to reinstate the PUT to the extent of \$50 million to allow the banks to raise the remaining capital necessary to do this and to meet

its obligation. The Government have considered this, Mr. Speaker, and we believe that is the right thing to do. The agreement that has been entered into would enable this. The legislation that is now before the House is to authorize the Government to give that undertaking, because it is an undertaking that could result in future financial obligations for the Government, the approval of the House, of course, is necessary.

I believe we have just tabled this morning the agreement that will be appended to it. I guess, the hon. Member has not had a chance to see it yet. The Clerks are just now distributing it around, and like most agreements of this nature it has a lot of legalese and words and whereases and et ceteras in it, but it spells out exactly what is being proposed.

What I have described for you is, of course, the general purpose of the Bill and will allow for debate in principle on that issue. I am sure all Members of the House would be happy to endorse it. The Members can have then an adequate opportunity to review the agreement before we get to Committee stage of the Bill, where there would be opportunity to discuss any issue in detail.

Thank you, Mr. Speaker.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Speaker.

The Premier has provided more information about this Bill, but there is still some information that we must have to fully understand the meaning of the Bill and the purpose of the borrowing, which is being backed by this

extended and expanded PUT option. I will get to some of those questions. Let me say first, though, that as I mentioned when I began my remarks yesterday, the newsprint mill in Corner Brook is and has been the single most important industry in western Newfoundland. It is one of the most important industries in the whole Province, both in terms of contribution to the gross domestic product and also in terms of employment in the mill and in the woods.

I agree with the Premier's assessment of the merit and value of Bowaters ownership, and management and operation of the mill for fifty years, and of Kruger's contribution over the past five and a half to six years, Kruger being the parent company of Corner Brook Pulp and Paper Limited.

The Premier was associated with Bowater, as he mentioned, although he failed to add that he has had no association whatsoever with either Kruger or Corner Brook since he moved out of Corner Brook

Premier Wells: That is inaccurate.

Ms Uerge: - just as Bowater was downsizing the mill and just before they announced to the public that they were pulling out altogether.

Also, the Premier might have rounded out his sentiments of appreciation by paying tribute to the Peckford Government for its efforts in attracting Kruger to the Province and in securing from Kruger a commitment for a \$200 million modernization program.

As the Premier said, Kruger has

actually spent more than \$200 million on mill modernization. From what I know, and I believe most members of the public believe, the work done to date has improved the quality of the newsprint produced, has enhanced the marketability of the product, and has assured the long-term viability of the Corner Brook operation in the context of the worldwide newsprint market. However, Kruger has not fulfilled its obligations to abate pollution. I hope, in the absence of the Premier, who is just leaving, somebody else in the Government is going to be able to answer precisely what kind of pollution abatement will be done with the financing being guaranteed by the Government through this Bill; because I assure Members of the Government that the people of the Corner Brook area are becoming more and more concerned about the affects of pollution from the mill, both air pollution and water pollution.

As I said, Kruger has not lived up to its obligations set out in the original agreements with the Provincial Government on taking over ownership of the Corner Brook mill five and a half years ago. It has exceeded its spending target on mill modernization, but the effort has not gone into pollution abatement. One of the improvements completed was converting mill burners from oil burning to both bunker C oil and bark and wood chip burning. That has had the desired affect of lowering energy costs for operating the mill, but it has had the detrimental consequence of aggravating the air pollution problem.

It has resulted in the mill stacks emitting sooty particles, and for

those who are familiar with the geography of Corner Brook, they might appreciate the fact that Corner Brook, topographically being shaped like a bow, and the prevailing wind being in the direction of the townsite for much of the year, townsite is subjected to a rain of sooty particles. There are people who believe that the invisible gases being put off from the mill are harmful to health. That has never been proved. But it is apparent that the invisible gases are irritating, the sulphur fumes are bothersome. And to many of us living in the townsite part of Corner Brook, it seems as though the sulphur fumes are worse.

Now, Mr. Speaker, it is important for me to emphasize the concerns of my constituents about pollution that is resulting from the Corner Brook newsprint mill. Now the Member for Port de Grave, the Minister of Social Services, not being familiar with Corner Brook, undoubtedly cannot appreciate these peoples' concerns. But let me assure him that these are concerns every bit as real as concerns of his constituents in Coley's Point or Bay Roberts.

Now if the Member will allow me to proceed, Mr. Speaker, this is a serious matter. I would like on behalf of my constituents to have the Government explain just how the borrowing that is being backed through the provisions of this bill, and the agreement enabled by the bill, will address both the air pollution problems and the water pollution problems associated with the operation of the Corner Brook mill.

As I explained there are two types of air pollutions, the particulate emission which is now worse, since

the mill started using bark and chips as well as oil for fuel. The invisible gases which also seem to be worse. The sulphur fumes seem to be worse in the past couple of years than ever. And then water pollution includes suspended solids as well as dissolved solids.

Now the Provincial Government has jurisdiction over the air and it is responsible for air pollution controls for abating air pollution, and seeing that the quality of air meets environmental standards. That is a Provincial Government responsibility.

The Federal Government, on the other hand, has jurisdiction over the water, and is bringing into force shortly, stringent new water pollution regulations, I say stringent, in the eyes of some environmentalists the standards will not be high enough, but they are stricter than present Federal water guidelines.

Now, Mr. Speaker, when the Premier spoke he mentioned the figure of \$37 million.

Mr. Baker: Thirty-eight million.

Ms. Verge: Thirty-eight million the Government House Leader says, as being the target of Kruger borrowing, that is being backed by the Government under this measure.

Now, Mr. Speaker, it is my understanding that the full cost of addressing the air pollution problem associated with the Corner Brook mill is more than that. And furthermore it is my understanding, from speaking with environment officials in other provinces which have newsprint mills, that the likely cost of addressing the water pollution

problem to meet the new Federal regulations is much more than that. In other words, the total cost of curbing both the air and water pollution problems associated with the Corner Brook mill is probably in the order of \$100 million or maybe more.

And what I would like to know, Mr. Speaker, is precisely what is Kruger or Corner Brook Pulp and Paper Limited going to do to address pollution problems related to the Corner Brook mill with the borrowing that the Government is backing through this Legislation and will those measures address fully the pollution problems, so as to have the mill comply with both the Provincial air pollution guidelines and Federal water guidelines, those are the most important questions, Mr. Speaker. I should add that the people of Corner Brook are becoming more and more cynical about both the will of Government, particularly the Provincial Government, and the ability of Government to ensure compliance with environmental standards by a large corporation, such as Corner Brook Pulp and Paper. Now, we appreciate that there is always a need to balance industry and employment on the one hand with environmental compliance.

Mr. Baker: (Inaudible).

Ms. Verge: The Government House Leader is asking about the comparison with the Government of which I was a Member, and it is fair to say that the doubts about the effectiveness of the Provincial Government in ensuring environmental compliance began during the Peckford Administration, because it was then that the first extension of the air pollution compliance

requirements of the original agreement was granted. However, this Government has been in office for more than a year and the problems have become worse and the level of concern among the public is growing. This is the Government that has the responsibility now, and I call on them, before we pass this Bill on second reading, to answer the questions that I just posed.

Mr. Efford: (Inaudible).

Ms. Verge: Mr. Speaker, the Member for Port de Grave, doesn't know what he is talking about and I would suggest that he wait until we get into a social services measure before he starts interjecting. I know the Government House Leader is pointing to the Draft Agreement that was just circulated. I haven't had a chance to read that properly. I see in a schedule a list of projects; some of this list uses technical language and I have some familiarity with it, but, what I would ask the Government to do, bearing in mind that this is a public forum and bearing in mind that we are here to serve the interest of the public, that a representative of the Government explains this in lay person's language.

Basically, what the people in Corner Brook want to know is, after Kruger or Corner Brook Pulp and Paper spends the money, whether it is \$38 million or some greater amount that the Government is helping them borrow, will the mill in Corner Brook meet Provincial air pollution guidelines and Federal water pollution regulations? They want to know whether the rain of sooty particles will end and whether summertime they will be able to

enjoy their patios and their gardens without any visible air pollution. They want to know whether there will no longer be sulphur fumes on muggy days that are irritating, particularly to people with asthma and bronchitis. Mr. Speaker, I hope this doesn't degenerate into a partisan shouting match about who did what, when, about the seventeen years - we are here today in this public forum, it is 1990, the Liberal Government has been in office for more than a year, the people in Corner Brook are becoming more and more concerned and they would like answers. I am here as their representative to ask questions. I have just done that and I would like the Government to give a straightforward, nonpartisan answer about when the air pollution emanating from the Corner Brook mill is going to end, what ability the Provincial Government has to ensure that happens and happens as quickly as possible and also, what, to the knowledge of this Provincial Government, is being done to have the mill comply with the new Federal water environmental guidelines? Mr. Speaker, I will take my seat now and listen with interest to the answers that are forthcoming from the Government.

Mr. Speaker: The hon. the Minister of Forestry and Agriculture.

Mr. Flight: Thank you, Mr. Speaker. Mr. Speaker, in the essence of time it is pretty difficult to do a better job than the Premier did with regards to explaining the reasons for the extension to the PUT Agreement. I understand, of course, that the Member only received the Agreement and the Legislation minutes before

she spoke. I understand also that she would not have had a chance to look at the recommendation with regards to the environmental capital expenditures that will be undertaken as a result of the legislation, or as a result of the extension to the PUT. She indicated that she saw very quickly a list that accounted for \$38 million but she did not understand the technical end of it. And I have to say to her that I and not very many people understand the details of what is required to be done to effect the changes. But I will go over the changes with her. I might say to her also that in the Committee stage she has the opportunity to zero in, so to speak, on any particular concerns she has with regards to her own personal knowledge of the soot problem or whatever, and decide and have an explanation as to what extent these proposed changes will address the environmental concern, particularly the air pollution concern, the soot raining down on various areas of Corner Brook.

But in the meantime I will just very quickly - and I am not even sure that it is necessary to read these things - but actually that is probably what I should do. They have outlined very clearly in schedule C the expenditure schedule and the amount of money that will be spent. And this money will be spent as a result of the extension of the PUT Agreement. It will permit them to reach the compliance schedule that they had agreed to, probably with her Administration.

And I want to say this to the Member, and she would well know this probably, that the new Federal requirements that she talks about that will cause Kruger

or Corner Brook Pulp and Paper to spend a lot more money, and Grand Falls, and mills all across the country, in order to meet the new environmental requirements of the Federal Government is by and large probably over and above anything that will be done here. I mean these came lately and I can tell her, and I am sure she is aware, that the management of Corner Brook Pulp and Paper and Abitibi-Price and the mills in the country are now talking to and analysing and determining whether or not they can, how they will, where the money will come from and all the rest, because she is right, there are vast expenditures required to comply, particularly with the Federal requirements.

There is a time frame allowed and I know the companies are wrestling with it now, and it is the company's intention to comply with the various Federal regulations that have been brought down, and I might say, have been introduced and brought down and imposed on the industry over and above (inaudible). It is possible that some of the work that will be done with this \$38 million will have the effect of dealing with some of the Federal Government's requirements, but it was not designed to because, as the Member knows, the new Federal requirements were outlined by the Federal Government quite recently, and the various Pulp and Paper Companies in the industry, particularly the owners and operators of the older mills at which these new environmental requirements are directed, is now in the process of discussing with themselves, discussing with the Federal authorities and determining their ability to meet the new requirements. It is their intention to try to meet them,

however, it will be a requirement of Corner Brook Pulp and Paper over and above the compliance schedule that they have agreed to here.

So Mr. Speaker, there are seven projects announced here under the Environmental Capital Expenditure Schedule for the summer, \$150,000 - collection and disposal system for sulphite cleaner rejects; \$150,000 - collection and disposal for a chip washer of sawdust effluent, that is fairly self-explanatory; \$600,000 - the rebuild of No. 6 boiler to reduce particle emissions, and I am sure the Member is aware, and her colleague for Corner Brook will probably be aware, that \$3.7 million will address the emissions and improve the burning efficiency, and maybe will totally address the problem she refers to, the one that she is particularly concerned about, the soot emissions. But obviously that is a project to address that problem which is experienced in Corner Brook now.

No. 5, the rebuild of No. 3 boiler to further reduce particle emissions by improving burning efficiency. There is exactly \$7 million earmarked for this particular item out of the \$38 million in this particular schedule of expenditures, which I would think addresses directly the problem that she refers to. And then No. 7 - a new boiler to burn all bark wood refuse produced at the mill, that again is self-explanatory as to what it would mean to the environment. Complete the necessary pollution abatement equipment and monitoring devices to ensure compliance with the Federal/Provincial regulations, \$30 million.

Acid tower scrubber to reduce SO2 emissions - \$150,000.

Well, Mr. Speaker, that answers some of the Member's concerns. That is where it sits right now. And specifically if she wants to zero in on any one particular expenditure, and if she would wish to undertake herself to determine exactly technically what that means, then she has that opportunity. If she will indicate to me her concerns, I will use my office and use the ability of the Department of Forestry to determine exactly what is meant by a given expenditure, and relate it to her in Committee.

Mr. Speaker: The hon. the Member for Humber East.

Ms Verge: With leave, Mr. Speaker.

I am not an engineer, most of my constituents are not engineers, most of us cannot appreciate the fine detail of the schedule. But what we want to know is when all these projects that are listed in the schedule are carried out will the air pollution problem be gone? Will we be free from particles of soot? Will we be free from annoying and possibly harmful sulphur fumes and other invisible gaseous emissions? And what kind of clout does the Provincial Government have to ensure that all of this is done and that the desired end result is achieved?

Mr. Speaker: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you very much, Mr. Speaker.

I just want to say a few words about this Bill for Kruger and raise some of the questions again

that were raised by the hon. the Member for Humber East concerning the pollution control that is planned for Kruger over the next few years.

Mr. Speaker, before I get into that I do want to associate myself with the words of the Premier when he suggested that Kruger has been a very valuable addition to the west coast of our Province, and certainly a saviour for the pulp and paper industry in the Corner Brook area. They took on a project, and I do not know of any other group who were serious about doing it, when they took over the Bowater paper mill in Corner Brook. They did spend a lot more money than they originally had planned to upgrade the mill, but one of the Kruger specialities, as far as I know worldwide, is to take over old inefficient pulp and paper operations and modernize them and turn them around to make a profit.

Now, Mr. Speaker, the Premier also said some glowing words for the Bowater Corporation who were there before. And I also want to suggest that the Bowater Corporation did do a good job. While I was Minister of Forestry and before that, I always had the impression that there was very little or no silviculture going on in this Province, Mr. Speaker, but when I did become Minister of Forestry and I had a few visits to the Corner Brook area, I did note that the Corner Brook pulp and paper operation now operated by Kruger, is in a much better resource supply situation than the two Abitibi mills that we have in the Province, Mr. Speaker. And the reason for that is that the Bowater Corporation did do a lot of silviculture work in this Province prior to most of us

realizing that it was done, and they did more thinning in the Province than any of us realized. I see the Member for St. George's shaking his head, as if to say no, Mr. Speaker. The larger supply or the larger landmass is not necessary, the economic viability of a mill is based on the wood supply within a radius of the mill. And within that 50 mile radius, which is the figure used for an economical wood supply, Bowaters have been doing, and have done in the past, quite a bit of thinning and that allows the Kruger Corporation to continue the operation in Corner Brook on a long-term basis.

Mr. Speaker, the Member for St. George's again shakes his head, no. But I visited the sites and I saw what was done. I was told the age of the wood that is going there now, and it was obvious to see that the thinning was done and it was all done before Kruger came there. Before Kruger came there, Bowaters had to be there; that was the only other one operating in the area. Mr. Speaker, the logical conclusion is that Bowaters did do the thinning work, and Bowaters did do the planning to allow Kruger to operate that mill over the long-term.

Mr. Speaker, one problem probably associated with the Member for St. George's District is that there was not enough work done on the far west coast of the Province. Out in the St. George's area there was not, in the distant past, enough silviculture work done, and that is why there is a resource problem in that area of the Province. Some of that area supplies the Abitibi/Stephenville mill, which will cause some problems in the future for a resource supply.

In the economic area, for the wood supply for Corner Brook pulp and paper, Mr. Speaker, there was silviculture work done, and it was done long before most of the residents of this Province realized it was being done, which shows the foresight Bowaters had. Obviously if they were doing that they must have had a commitment to stay here, so I do not understand why they left. However, I am pleased they left, because Kruger is doing a better job in that area, both with silviculture work and in upgrading the mill, and in reinvesting the money they are making into the Corner Brook mill so that it will have a much longer future.

Now the Minister of Forestry suggested that we will have opportunity in Committee to discuss the details of the agreement that was tabled here today, and that is correct. But, Mr. Speaker, what we have to do with this Government, in second reading stage, is ask as many questions as we can so that the Ministers will have time to get the information for when it comes to Committee, because they all come here unprepared for any questions at all. Mr. Speaker, as we saw when the Bill was introduced yesterday, the Minister of Mines and Energy - yes, Mines and Energy I believe - was obviously caught off guard. It was not his fault, Mr. Speaker, he did not have the information - he admitted he did not have the information. Unfortunately, the Premier was not here at the time to introduce the Bill, and the Minister of Forestry was not here. Both, obviously, were on Government business. When the Minister of Mines and Energy introduced the Bill, he did not have the information to answer

questions so we had a very brief introduction.

Mr. Speaker, when we go to Schedule C, as read out by the Minister of Forestry a few minutes ago, I would hope that when it comes to the Committee stage, he will be able to answer questions on exactly what types of pollution the \$38.050 million will address when the pollution work is done between now and 1992, when this money is spent.

I understand the Federal regulations which were introduced recently have not been totally included in this plan, because this plan was being worked on long before the new Federal regulations were introduced. And I would expect the \$38 million will not cover the complete cost of both water and air pollution, which has to be addressed in the Corner Brook area.

The Federal regulations are very stringent according to the industry, but not stringent enough according to some environmentalists who operate in this country.

I would be interested in knowing the details of what type of pollution each of these categories are going to address. Mr. Speaker, you can see number one there, the collection of disposal for the thermo-mechanical pulp cleaner rejects. Now this could be water pollution or it could be air pollution. It is probably not both, because there is only \$150,000 allotted to it, and \$150,000 is not going to clean up a lot of pollution. I saw some of the figures when I was Minister of Forestry, what it is going to cost. I know the Federal regulations make it even more

stringent, so from that I conclude that the \$150,000 would not do a great deal of work in cleaning up pollution.

Mr. Speaker, the collection and disposal of the sulphite cleaner rejects, another \$150,000, does not seem like a lot of money to me when we are talking about \$38 million and a little more.

Mr. Speaker, when the Premier or the Minister of Forestry closes the debate on this, and when he speaks in second reading, I would hope that he will have some technical details so that the people of Corner Brook can be assured. Now, the Federal regulations, as I said, deal with water pollution more than air pollution. The residents of the City of Corner Brook, a group of whom I met while I was Minister of Forestry, are much more concerned with air pollution, because it is visible and it affects them daily, when the emissions are coming from the stacks.

Mr. Efford: (Inaudible).

Mr. R. Aylward: Yes, my Government was helping them with the plans which came to fruition under your Government. We decided to have our Department of Environment help them with the plans to do more modernization. The first thing we did was have them there. At least that was one step, to have a new, modern mill in Corner Brook.

I know the Minister of Social Services did not agree with that at the time, he wanted to see Corner Brook being devastated by the closing of the paper mill, purely for political reasons, so that he could get a couple more seats out in the west coast area.

There was glee in the Opposition when it was announced that Bowaters was going to move away, but thanks to Premier Peckford, and the Member for Ferryland, who was Minister of Forestry at the time, and the Member for Mount Pearl, who was Minister of Finance or Treasury Board at the time -

An Hon. Member: No, Development.

Mr. R. Aylward: Development. Those three Ministers were instrumental in attracting the operator to Corner Brook, so that we have a better mill. The Minister of Education, at the time was also very involved, as well as the Member for Humber West, who retired before the last election. But, Mr. Speaker, when it was announced that Kruger came, it was to the disappointment of especially the Minister of Social Services, who was in Opposition at the time.

Mr. Speaker, I would like the Premier, or the Minister, whoever is going to debate this in second reading, to get some details on what type of pollution will be affected by this cleanup, this \$38 million cleanup.

Maybe he could contact the company and see if the new Federal regulations increased the requirement and the cost of the pollution cleanup, so that we would know how much more money the company will have to invest in order to do the proper environmental cleanup.

Maybe, the Minister of Forestry, when we are into Committee stage, would give us a brief rundown on what the Government plans to do to help the Stephenville and Grand Falls mills when they tackle their pollution problem also. Is there

some similar plan of loan guarantees for the other two mills in the Province, which also have to do some pollution cleanup in the near future because of the new Federal regulations? Thank you, Mr. Speaker.

Mr. Speaker: The hon. the Minister of Mines and Energy. The Minister will now close the debate.

Dr. Gibbons: Thank you, Mr. Speaker.

This morning, I believe, we received the appropriate clarifications that were asked for yesterday, and this morning the Minister of Forestry did answer most of the questions asked.

Certainly, when the \$38 million worth of projects listed on Schedule C are completed, our Provincial regulations will primarily be met, and the Federal regulations, as they existed at the time, I believe will primarily be met. But the new Federal regulations, which have just recently been announced, are still being assessed, and we don't know the full implications of the new Federal regulations.

The three items listed first on Schedule C are primarily water pollution abatement projects, and the collection of rejects, the collection of sulfite and the wood chip washer and sawdust effluent project, these total slightly less than \$1 million, and these are primarily water pollution measures.

The other four measures listed on Schedule C are the air pollution measures. Four, five and six all address the matter of soot and ash. Particularly the rebuilding of numbers three and six boilers are addressing the soot. The new

boiler listed in number six, the \$30 million project, which is primarily going to burn wood bark and other wood refuse, with the necessary pollution equipment to meet all existing Federal and Provincial regulations, this is a new project and naturally you can see this is the big one, \$30 million of the \$38 million allocated. When that is done, plus number seven, to reduce sulfite emissions, the regulations will be met, as I understand it.

However, there can be no assurance that there will not continue to be some soot emissions; there can be no assurance that you will not see some soot and sulfite, but there will be major reductions in the amount of sulfite presently being noticed in the Corner Brook area. We are trying to bring it into line with the present regulations, particularly the Provincial regulations, and the Federal regulations as we knew them. Anything new that comes out of the latest Federal regulations, after appropriate assessment, we will be able to tell you what that means.

The other particular aspect of item number six, the \$30 million boiler, is that this is going to help the mill with energy consumption. This is going to help reduce the amount of oil that is going to be burnt in the mill, so it is going to be a matter that will help the total productivity, the efficiency of the mill and the cost; it is going to help in the cost of the mill; there will be less oil being burnt because this new boiler is going to be using a considerable amount of bark and wood. That is an energy matter, as well as a pollution abatement matter to reduce the ash.

I do not think there is anything

else I want to address at this time. But, certainly, when these projects are done, over the scheduled time frame that is shown there; some of them have already started, and the rest will get under way by June 1, 1990, all to be completed by June 30, 1992, most of the concern should be taken care of by that time. I do not have anything further to say at this time, and I move that the debate conclude.

On motion, a Bill, "An Act To Authorize Certain Agreements Between The Government Of The Province And Other Parties Respecting The Future Operation Of The Corner Brook Newsprint Mill," read a second time, ordered referred to a Committee of the Whole House, on tomorrow. (Bill No. 30).

Mr. Speaker: The hon. the Government House Leader.

Mr. Baker: Motion 2, Mr. Speaker.

Mr. Speaker: Motion 2, the hon. the Minister of Finance to move that the House resolve itself into a Committee of the Whole to consider Certain Resolutions relating to The Financial Corporations Capital Tax Act.

The motion is that I do now leave the Chair for the House to resolve itself into Committee of the Whole.

Before moving, if the hon. Members would permit, we have some students here we would like to welcome to the gallery. We have twenty-five Grade IX students from St. Francis High School, Harbour Grace, accompanied by the their teacher, Brother Whitty.

Some Hon. Members: Hear, hear!

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

Committee of the Whole

Mr. Chairman:
Order, please!

Bill No. 26.

Resolution

That it is expedient to bring in a measure to amend The Financial Corporations Capital Tax Act.

On motion, resolution, carried.

On motion, Clauses 1 through 3, carried.

Motion, that the Committee report having passed a resolution and a bill consequent thereto, without amendment, carried.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Order 2, Mr. Chairman, Committee of the Whole.

Mr. Chairman: Committee of the Whole on Bill No. 31.

Shall clause (1) carry?

Ms Verge: Mr. Chairperson?

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: Thank you, Mr. Chairman.

It was my understanding, from speaking to the Government House Leader, that we were going to do Bill No. 26 next?

Mr. Chairman: Bill No. 26 was just carried.

An Hon. Member: Just carried?

An Hon. Member: Yes.

Ms Verge: It did not go through second reading, and the Minister of Finance did not speak to it.

An Hon. Member: Didn't he?

An Hon. Member: No, he did not.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: The process of Motions is to move the Committee, then call the heads and that was done. That is the process of that Motion 2. I do not know what else to say about it.

Some Hon. Members: You are sleeping! You are sleeping!

Mr. Chairman: The hon. the Member for Humber East.

Ms Verge: It is highly irregular for a Bill to go through the House without the Government sponsoring the Bill, not to even speak to it.

Mr. Windsor: Wait until the Minister speaks.

An Hon. Member: Vote against what?

Mr. Windsor: Is he allowed to speak today, or is it one of his days off?

Mr. Chairman: Bill No. 26 was introduced by the Chair and clause by clause was called and voted on.

Ms Verge: Well, Mr. Chairperson, with distractions I thought you were into Bill No. 26, but I was waiting for the Minister of

Finance to rise in the usual way. Our Finance critic is prepared to speak to it, and I would ask that we revert to Bill 26 and have some discussion about what the meaning of the Bill is. We owe at least that much to the people we are here to represent.

Mr. Chairman: Well, the Bill has been voted on and carried in the Committee. I am just wondering what the pleasure of the House is, if we wish to revert back to that or not.

The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. I am operating here under some very basic assumptions and that is when we move into the Committee of the Whole to consider a Bill, that we go through a process of the Chairman sitting down and carrying the title and the clauses and all this kind of thing. There was no indication on the opposite side that anybody wanted to speak to it. Now that is the normal process in the House, and I was operating under the assumption that everybody knew that, especially seeing Members opposite sat for a number of years in Government, sponsored bills and knew the process of bills going through the House. I am sorry if there is a misunderstanding here, but that is the process it went through and I really do not know how to handle it beyond that. These are the assumptions I was operating under, and we have been doing it ever since I have been here. That is all I can say, Mr. Chairman. That process has happened, and I do not know if there is anything I can do about it.

Mr. Chairman: The hon. the Member

for Mount Pearl.

Mr. Windsor: Mr. Speaker, if I might just address this issue. I understand what the President of Treasury Board is saying, however clearly -

An Hon. Member: (Inaudible).

Mr. Windsor: I have been recognized by the Chairman. I do not need your recognition.

Now, Mr. Chairman, clearly when a piece of legislation of this importance comes to the House of Assembly, the Minister of Finance should at least speak to it. We were sitting here waiting for the Minister to speak. When he didn't, we did not realize that a motion had been called. I can appreciate Your Honour's position.

So I simply say to the Government House Leader, can we now revert to this and debate this Bill? We do not have a great deal to say about this piece of legislation, but we would like to address it. Now, the Government House Leader should consider.

An Hon. Member: You had your opportunity (inaudible).

Mr. Windsor: Well, we will have an opportunity to debate other Bills too, and we can debate them for a heck of a long time - a heck of a long time. The Government House Leader should consider. If he wants continued co-operation in this House of Assembly, then he should revert to this Bill and give us the opportunity to debate it - if he wants to get out of here before Christmas.

Mr. Chairman: The hon. Member for Humber East.

Ms. Verge: Thank you, Mr. Chairperson. The Government House Leader talks about process and the normal process. It is normal in the regular process for the Minister sponsoring the Bill to at least say a few words about it. We were waiting for the Minister of Finance to rise in his place and give some explanation of the Government's purpose in advancing the Bill.

Now, our finance critic was intending to speak to it, not at length, but he has some comments we feel should be made in a public forum at this stage. We apologize for failing to realize that the Minister of Finance was departing from normal practice in staying in his seat when a finance bill in his name was called, but we now ask the House Leader for leave to revert in the process so that our finance critic can speak to it, as I say, not at length, and then we can get on with Bill 31, the Hydro Bill, which we may want to debate much, much, much more extensively.

Mr. Chairman: The hon. the President of Treasury Board.

Mr. Baker: Thank you, Mr. Speaker. The acting Opposition House Leader has put a request which, perhaps, you should have done five minutes ago.

I first of all want to say, Mr. Chairman, that I resent the characterization that somehow the Minister of Finance did something unusual. He did not do anything unusual. I resent that. I resent that! What happened here was the fact that Members opposite were simply not listening to what was going on, did not know what was going on, did not understand what was going on. That is what happened.

Now, I said at the beginning that I am sorry if there is a problem here. But the problem is not the problem of the Minister of Finance, it is a problem that when things were called, Members opposite simply didn't get up to respond at a time when they could have gotten up and responded. Now, Mr. Chairman, having said that and described the situation accurately as it is, I would be willing to revert, by leave, to allow the finance critic to say whatever he wants to say about the Bill. I would be willing to revert to that stage of the proceedings.

Mr. Chairman: Okay.

Ms. Verge: Mr. Chairperson, on behalf of the Opposition, I would like to thank the Government House Leader.

An Hon. Member: Very gracious!

Mr. Chairman: The hon. the Member for Mount Pearl, by leave.

Mr. Windsor: Thank you, Mr. Chairman. I also thank the hon. House Leader. He is quite correct that we were lacking at the moment but, nevertheless, we did expect the Minister - I guess our fault, Mr. Chairman, was in expecting the Minister of Finance to speak. Records will show that since that Minister has been in office, he has not generally spoken, he has not generally been allowed to speak on major financial matters. He usually gets somebody to -

An Hon. Member: (Inaudible).

Mr. Windsor: I have leave of the House, and I don't need leave of the hon. Member, thank you.

Mr. Chairman: Order, please!

Mr. Windsor: Mr. Chairman, there is not a great deal I wanted to say about this particular piece of legislation. It is pretty straightforward. It increases the tax from 2 per cent to 3 per cent, so it is a 150 per cent increase in that tax. That is really what it is. It is a tax grab, as we saw throughout the Minister's Budget, a quick way of getting money. Now, the Minister is not going to get too many people concerned about the poor financial corporations, because when one looks on the surface, well, it is only the banks and the financial institutions paying their fair share. Mr. Chairman, the banks and the financial institutions are going to pass this right along to the consumer. Really, what I wanted an opportunity to say here today, Mr. Chairman, is that I think it is time the Minister of Finance had a look at what the banks and financial institutions are doing to the people of Canada, particularly, of course, of Newfoundland, and I think all Finance Ministers should have a look at it.

The costs now in doing banking in Canada today are incredible. The banks are virtually doing what they will in manipulating money; moving money from one account that you might have to another at will. It is just incredible the charges they are applying. Interest rates are going through the sky - 15.75 per cent I believe now, as of today. How do we expect business and industry to develop in this Province or in this country with interest rates of that nature, and tack 3 per cent on top of that?

Mr. Chairman, really what I am saying here is there is nothing in the Bill itself other than the

amount. That is all it does, change an amount from 2 per cent to 3 per cent. It is a disincentive to development again, another one on top of the Minister's payroll tax. It is another tax on business. I know the Minister can hide behind the fact that it is a tax on business. A tax on business is a tax on consumers. The Minister of Finance doesn't agree with that. He doesn't. Where is it going to come from? Santa Claus is going to give the corporations that tax to pay.

An Hon. Member: (Inaudible) from income tax.

Mr. Windsor: Deductible from income tax, Your Honour. Yes! Mr. Chairman, again it is a disincentive. Every move this Minister has made has been a disincentive to business and to development. Very clearly this is an anti-development, anti-business Government, and it reflects very directly on the consumers of this Province. Very, very directly.

An Hon. Member: Are you waiting for another (inaudible)?

Mr. Warren: No, boy, we are putting in another rubber factory.

Mr. Windsor: No shipyards either, Mr. Chairman.

Mr. Chairman, I will close with that, because I don't see any point. The Minister of Finance is obviously not going to respond. The Minister of Finance is capable only of making silly faces and sly comments over there. He hasn't made an intelligent comment in this House of Assembly since he took his seat here, Mr. Chairman.

Mr. Chairman: Order, please!

Bill No.31. Shall Clause 1 carry?

The hon. the Member for Humber East.

Ms Verge: Thank you, Chairperson. This Bill authorizes the Government to charge Newfoundland and Labrador Hydro a fee, with the amount of the fee being set from time to time by the Cabinet for the Government guaranteeing borrowing by Hydro. Now, Hydro, to carry out its responsibilities and to provide for multimillion dollar generation capability, has to borrow mega dollars. Chairperson, the added cost that the Government will be putting onto Hydro by charging a fee for guaranteeing Hydro's borrowing will, obviously, be passed on to consumers. Hydro sells its product to what we have known as Newfoundland Light and Power, now renamed Newfoundland Power. Newfoundland Power, in turn, of course, has to recoup from consumers enough revenue to provide a reasonable rate of return to its shareholders. So, Chairperson, this measure will lead to higher electricity costs for consumers throughout our Province.

Now, as I understand it, the contemplated fee for the year is about \$9 million. This \$9 million added cost to electricity ratepayers, is part of a grand design of this new real change Government to hike electricity costs dramatically. In the Government's first Budget, last spring, the Government announced a three year phaseout of the \$30 million Provincial Government subsidy of rural power, an elimination over three years of the subsidy paid the PDD, the Power Distribution District. Again, that \$30 million will have

to be absorbed by Hydro by charging higher cost to Newfoundland Power who, in turn, will have to pass on that cost to consumers, to householders and businesses throughout the Province.

Chairperson, \$9 million for the new Government loan guarantee fee that is provided for in this Bill, \$30 million because of the Budget position announced last year, and now the payroll tax announced by the Government in its second Budget, the Budget this year, the payroll tax of 1.5 per cent on payrolls in excess of - what is it? - \$300,000 per year, will extract a significant amount of money from Newfoundland and Labrador Hydro. Hydro, in turn, will pass that on along with the other costs, along with the loan guarantee fee cost, along with the elimination of the PDD subsidy, to Newfoundland Power. The payroll tax, though, will have a compounding effect, because that is being levied on Newfoundland Power, formerly Light and Power, as well. The combined payroll tax, the double-whammy tax, will ultimately be extracted from the pockets of electricity consumers around the Province: individuals, people on social assistance, senior citizens getting a guaranteed income supplement, single parents trying to raise their children, Mr. Chairman. Then, next year, the Federal Goods and Services Tax is coming into force. So electricity consumers in this Province are in for one rude awakening over the next couple of years. Sadly, they are going to see their light bills soar, they are going to see their light bills increase by as much as 50 per cent over the next couple of years.

Mr. Chairperson, it is not because

of some invisible regulatory agency, the PUB, it is because of budgetary decisions of this Government and also the Federal Government, in the case of the GST. But it is this Provincial Government which has chosen as part of its budgetary strategy to sock it to electricity ratepayers in the Province.

Now through this measure to extract \$9 million and, according to the bill, the fee may be adjusted any time at all by the Cabinet; the Cabinet meets at least once a week, so at a whim the Cabinet can increase that fee. \$30 million dollars the Government is going to deny Hydro. Formerly the Government paid an annual subsidy to Hydro for the PDD. That is being phased out. \$10 million was removed last year, another \$10 million made \$20 million this year, and the full shot next year. That is going to have to be passed on to consumers.

As I mentioned, the cumulative payroll tax is being extracted from Hydro, from Newfoundland Power and, ultimately, another gouge of the electricity ratepayers.

Chairperson, the Minister responsible for Consumer Affairs is not in his place, that is the Minister of Justice. I wonder when this Government is going to wake up to its responsibilities to consumers. The Minister of Social Services, who was yammering away when we were dealing with the Kruger Bill, is not in his place. I wonder how he is going to compensate social assistance recipients, and others in the Province who are vulnerable financially, for the rising, the soaring electricity bills.

Chairperson, to make matters worse, to make matters much, much worse, to set the stage for this massive increase in electricity costs, the Provincial Government has restructured and gutted the Public Utilities Board. The Public Utilities Board, through the contribution of Board member Andy Wells, with his concern for the impact of utility rates on the average people in the Province and with the expertise he gained through a couple of years of membership on the Board and study of utilities regulations, was just having an affect on the PUB regulatory process here. He was probably the first match for the utility executives and their lawyers.

Make no mistake, the utilities are huge corporations. They have been guaranteed a healthy return on their investment. They have amassed considerable expertise about the regulatory process. And until Andy Wells came on the scene, as a member of the PUB, there was no match for the utilities; when the utilities went to the PUB, it was pretty well automatic that the PUB would approve their request.

The Federation of Mayors and Municipalities made an effort in years gone by - I believe the Member for St. John's East was involved with the Federation at the time - in representing the interests of consumers before the PUB, when the utilities would apply for rate increases. However, the PUB had to hire generalist lawyers who had no opportunity to acquire specialized knowledge about the utilities regulatory process. I am sure the lawyers retained did their best, but for a generalist lawyer - the Member for Bonavista South is

nodding. I am sure he can appreciate this - to undertake to represent the consumers of the Province before the PUB, is an impossible order, it is like a fly biting an elephant.

Chairperson, the Government restructured the PUB. It made smaller the number of Board positions, which might have been in order, given the decreased work load. But it set itself up so that it could pick and choose among the commissioners, and it decided to keep those commissioners who had consistently sided with the Utilities and got rid of Andy Wells. Now what kind of a message does that give the people of the Province? And it is suggesting replacing Andy Wells with a public servant, with a Department of Justice lawyer, who is supposed to be a consumer advocate.

Now, Chairperson, how can the people of the Province have any confidence in that kind of consumer advocacy? And when people see what the first consumer advocate has actually done, people are shrugging their shoulders. As the costs climb, as the light bills show higher and higher amounts, this Government is going to hear an earful from constituents. Chairperson, this loan guarantee fee measure is just another of a whole series of initiatives taken by this real change Government in socking it to electricity consumers, in allowing for alarmingly high increases in electricity rates. And that is going to jeopardize the position of individuals and householders in our Province who have to get by on very, very low incomes: Social Assistance recipients, I say to the Minister of Social Services, senior citizens living on fixed

pensions, many getting the GIS, single parents, people who are strapped with the cost of living.

Now, Chairperson, the Minister of Social Services is responding to my presentation by waving the Sprung Pickle Cook Book. I would suggest to the Minister that he might better earn his keep, he might better give the taxpayers a return for the one hundred thousand-plus a year they are investing in him, by undertaking to compensate Social Assistance recipients and other individuals and householders his department is supposed to be serving, for the rising for the rising electricity costs. He had better serve the people he is supposed to be representing by laying out a plan for the Government for reimbursing consumers of electricity who cannot bear the added costs that are being put on them by the direct Budgetary actions of this Government: by this Bill, by this \$9 million loan guarantee fee Bill, with provision for even higher amounts, even greater gouges in the future; for the \$30 million subsidy that is being taken off; for the payroll tax that is going to hit both Hydro and Newfoundland Power; and for the Federal GST. This Minister of Social Services is still talking about pickles.

Mr. Efford: (Inaudible).

Mr. Chairman: Order, please!

Ms. Verge: What is really going on, Chairperson, is that the Minister of Social Services, who probably, privately, is one of the few true Liberals in this ultra right wing Government, headed by the current Premier, the Minister is ashamed of what the Government is doing. That is why he is not

addressing the Bill. He is trying to deflect attention from the Government's increase in electricity costs. He is ashamed of that; he cannot handle that; he cannot deal with it; he cannot own up to it, so every time the topic comes up, he has to shift to another subject, he has to try to divert attention away from what the Government is doing. He tends to try to camouflage what the Government is doing to electricity ratepayers within the Province.

Chairperson, there is no excuse - there is no excuse - for what the Government is doing to electricity consumers in the Province. There is no defence for the Government socking it to Social Assistance recipients and others on fixed incomes with no ability to supplement their income, with no ability to get a salaried job.

Chairperson, the Government I have characterized as real change and also ultra right wing and conservative, is forecasting a surplus on current account this year. They would rather have a surplus on current accounts than to try and keep down electricity costs; they would rather gouge electricity consumers, regardless of their ability to pay, than have less of a surplus or a balanced Budget, just an evenly balanced budget. Chairperson, these measures being taken by the Government as a key part of their budgetary strategy, are having no regard to the ability to pay of the electricity ratepayer.

The Government talks about progressive and regressive taxation. Well, I say to them, this is the most regressive budgetary measure of them all. They are socking it to individuals and householders without any

regard to their ability to absorb rising electricity costs.

Mr. Efford: What would you do? What would you do?

Ms. Verge: Chairperson, the Minister of Social services is asking what I would do. When I was a Member of a Government - not all of us over here had an opportunity to serve in Government - I was fortunate to serve in a Government for about ten years, and the Government I was a Member of, number one, provided a \$30 million subsidy to Newfoundland Hydro for rural electricity. We did that. The Government I was a Member of guaranteed Hydro's borrowing. We did not charge a fee for that. The Government I was a Member of, year after year, in putting together the Budget and looking at revenue raising options, considered a payroll tax as one of a number of possibilities, and year after year we rejected that option, because we felt it was a disincentive to business activity in the Province, we felt that it inevitably would be passed on to consumers, and it was a regressive measure.

Chairperson, that is what I would do. I would continue those policies. If I saw that social assistance recipients were being subjected to rising, out of control electricity costs, electricity costs rising more than the rate of increase in social assistance payments, I would certainly act to correct that inequity. I would never allow social assistance recipients to be subjected to less purchasing power because electricity costs are rising, thanks to direct budgetary measures of this Government, leading to higher bills without appropriate adjustments in the

social assistance rates.

Now, chairperson, the Minister of Social Services is shaking his head, yet he has not made a constructive contribution to this discussion. All he is doing, as I mentioned before, is trying to throw me off, trying to deflect attention away from the exposure of this Government as an anti-consumer Government, as a Government that is undertaking as a major part of its financial program, regressive measures, measures which are going to be costing taxpayers, without any regard to the means of the taxpayers.

Chairperson, this measure to compound difficulties for the citizens and businesses we are here to represent, is a bad Bill, it is a Bill that should be rejected flatly by this Assembly.

Mr. Chairman: The hon. the Member for Kilbride.

Mr. R. Aylward: Thank you very much, Mr. Speaker.

Mr. Efford: (Inaudible).

Another pickle, the Minister of Social Services says.

Mr. Chairman, I want to have a few words on this Bill, a bill which the Minister of Social Services should be standing up here lambasting. He should stand up for the people he represents in this Province, the social service recipients, when they are being fleeced by the Minister of Finance once again, by causing another \$9 million to be added to the Hydro bills of the people of this Province, which is only one step this Government has taken to increase, over the next five to

seven years, the hydro bills in this province by some 50 per cent, I would say. Anyone today who has an electricity bill of about \$300 a month in the colder months, will have their bills raised from this \$300 to \$450.

Mr. Chairman, I noticed, while the Member for Humber East was speaking, the Member for Placentia was continuously interrupting her. He is one of the Members on the other side I would expect to stand up for the electricity consumers in his constituency, to see that they are not being hard put by this Government taking another \$9 million from the electricity consumers in this Province.

Yes, the Member for Placentia I would expect to be one of the Members opposite. He took a very difficult and hard stand in his position as a Government member on the Argentia ferry, for which I commend him. He did a good job. I know he did a lot of work in getting a year-round Argentia ferry for his District. Mr. Chairman, I have confidence in John Crosbie, the Federal representative for that area, and I have confidence in the Member for Placentia, who, I think, will convince the Federal Minister of Transport to create the year-round service, which is logical and sensible and should be done for Argentia. But, Mr. Chairman, knowing the concern of the Member for Placentia for people in his area, and knowing his independent character, I expect that before this debate is finished he will stand in this House and request the Minister of Finance to forego this fee which will cause the taxpayers of Newfoundland, this year to pass out another \$9 million on their hydro bills.

Mr. Chairman, I remember a few years ago in this House, when retroactive legislation was brought in by a former Administration, the one who was most upset about that retroactive legislation was the hon. the Minister of Social Services. What is he doing today? Supporting a Bill with a Section which says, retroactive, effective October 1, 1989, almost one full year. So, it is not only the \$9 million, if that is what the fee will cost for a year, this year the electricity consumer of this Province might have to fork out \$18 million to cover a full year's retroactive legislation.

Now, Mr. Speaker, if this fee has to be put in, and I know of no logical reason why it has to be - it was requested of the former Administration when we were there and, at the time the request came to us, via people in Finance, we reviewed it and figured that the electricity consumers of the Province had too great a burden on them at the time. We would not inflict this fee on Hydro for guaranteeing the loans we guaranteed, Mr. Chairman.

But what this Government has done is not only inflicted this \$9 million on the taxpayers of Newfoundland, they have another \$30 million they took away in the Power Distribution Subsidy, which is a \$30 million increase. And what else have they done but install a payroll tax which will be another 1.5 per cent on the payroll of Hydro, which again will be paid by electricity consumers in this Province. The ones who will find it hardest to pay, the ones who always find increases hardest to pay, are the people who receive fixed incomes, such as senior citizens. They will find

it extremely difficult to pay this \$9 million increase, plus the payroll tax of 1.5 per cent, plus the \$30 million because of the subsidy missing. The senior citizens of this Province are going to find it extremely difficult to pay these increased fees, this 50 per cent increase in electricity rates. The others who will find it extremely difficult to pay are the social service recipients, who had a meager 4 per cent increase in this year's Budget. It will be taken away totally by the increase in hydro rates over the next couple of years. So, actually, the social service recipients will receive less money; they will have less disposable income than they had before.

Now, Mr. Chairman, I expected, from watching the Minister of Social Services when he was in Opposition - I was rather pleased that he was made Minister of Social Services, because I thought he had a heart and had a feeling for the people who received social assistance throughout this Province. But, Mr. Chairman, what I have noted since this Minister of Social Services has been made Minister of the Department, is that in the eleven years I had served as Member for the District of Kilbride I have never in all these eleven years had so many calls relating to difficulties in receiving their fair share of social services in this Province, Mr. Chairman. There have been cutbacks in transportation. There have been cutbacks in medical services. There have been cutbacks in heating allowances and in emergency allowances to the social service recipients in the District of Kilbride. And, Mr. Chairman, I would say that my District is probably one of the

fortunate Districts because there are not a great number of social services recipients in the District of Kilbride because we are a fairly fortunate District, most people are able to find permanent jobs, or certainly permanent seasonal jobs to look after themselves.

So the social service recipients who do live in my District are becoming increasingly concerned as to what this great Minister of Social Services, while he was in Opposition, is doing to the disposable income of the people on social services.

Now, Mr. Chairman, one other Member in this House who I expect would stand up and disagree with the imposition of this \$9 million, retroactively to October 1, 1989, Mr. Chairman, would be the Member for St. John's South. I know that he has fought hard for the people who work at National Sea and who have lost their jobs or who have had their jobs cut in half, I guess, because of a good agreement by the union. But their disposable income will be reduced, Mr. Chairman, because of the situation they find themselves in, completely beyond their control.

But, Mr. Chairman, I know the concern that he has for the people at the Newfoundland Dockyard who have lost their jobs over the last little while, and the difficulty they are going to find in getting the type of employment and the type of wages that they have been used to over the last number of years. Mr. Chairman, I expect that the Member for St. John's South would be very concerned that the hydro rates, the electrical rates for his constituents are going to be increased by the imposition of this fee, and I note

in the bill, Mr. Chairman, that it just says, fee. The Lieutenant-Governor in Council may make regulations respecting the calculation of the fee referred to in subsection (1). So, Mr. Chairman, if the fee is 1 per cent or 1.5 per cent now, I would say when the gouger, the man with the biggest hands in the pockets of the people of the Province in history, Mr. Chairman, will continue to increase this fee in order that he -

An Hon. Member: (Inaudible).

Mr. R. Aylward: No, I am not talking to you, I am talking to the Minister of Kentucky Fried Chicken over there.

Mr. Chairman, I would say that the Minister of Finance next year will increase his fee rather than try to help out the electrical consumers because it will not have to come back to this House from now on. Cabinet, Mr. Chairman, will have the opportunity to increase this fee at will, behind closed doors, and it will not have to come to this House of Assembly again.

But as I said before the most despicable part of this act that I see, besides the \$9 million that will be taken away from the consumers of this Province, Mr. Chairman, is that the bill will be retroactive to October 1, 1989. Now it is bad enough taking money on people and increasing their hydro rates to cover the \$30 million PDD subsidy that was removed. It is bad enough to have a payroll tax added on to them, so that will increase their hydro rates this year. It is bad enough to have a fee as it is, brought into this House of Assembly on the loan guarantees that we offer

Hydro. Mr. Chairman, these things are all bad enough.

But to make it retroactive is rubbing salt into the wounds of the consumers of this Province. And the ones who will be affected most are the ones who have the least amount of disposable income, and the people with the least amount of disposable income are people who are on fixed incomes, who are receiving pensions that unfortunately they do not have control to increase whenever they get extra costs. The people on social services, Mr. Chairman, who have no control over what increased revenue they get, Mr. Chairman, it is up to the goodness of the Government who are stealing this money on them. They are giving them some money, 4 per cent, I believe was the increase this year, up front, and it makes it sound good, and what they are doing by the back door, Mr. Chairman, is taking that 4 per cent back, plus much more. In hydro rates alone, Mr. Chairman, they will take the great amount of it, before all these increases hit the consumer.

And, what comfort the consumers of electricity in this Province did have, Mr. Chairman, in that they had some representation on the Public Utilities Board, some comfort that their point of view was going to be put forth in any increases in hydro bills that would come before that board, what has this Government done to give them more comfort, Mr. Chairman? They have taken away the consumer rep on the Public Utilities Board and replaced the rep by a part-time consumer advocate. I don't know the person. Casey is his name but I don't know his abilities and I don't know him personally. But, no matter how

good that person will be, you cannot do an adequate job part-time, especially if you are carrying on a very active law practice in the meantime. You cannot represent the consumers of this Province within the Public Utilities Board, Mr. Chairman, by doing the job part-time.

I would even suggest that, had the Public Utilities Board kept the representative the consumers had on there, I would have a little more comfort in knowing that this increase would be scrutinized properly, and, in comments made by the Public Utilities Board, at least one representative on that board would say, 'This is too much of an increase.' This Government is putting too much pressure on the electrical consumers of this Province, fleecing them and taking away as much of the disposable income as they can, besides increasing personal income tax, besides payroll tax, besides taking away the PDD. Besides all the measures this Minister of Finance has taken, what they are doing now is even more despicable, in bringing retroactive legislation into this House.

Mr. Chairman, the Members opposite, who sat in Opposition when a previous Administration brought in retroactive legislation, should be going through the ceiling now when they see that their Premier and their Minister of Finance are trying to pull the same trick on the people of this Province that they deplored and fought against. They screamed and yelled and shouted that this was completely unfair. And, no matter what legislation we bring into this House, it should never be brought in retroactively, Mr. Chairman.

The Minister of Social Services was one of those Members, the Minister of Health was one of them; I mean, he was bouncing off the walls here behind me when this retroactive legislation was brought in. Mr. Chairman, I think the Finance critic, at the time, was the present Government House Leader and, certainly, he was extremely upset with the introduction of retroactive legislation.

And what did they do, Mr. Speaker, with all their - before we finish this Bill, I will have the Hansards when they are brought up to me, so we can go over some of the words that were said about retroactive legislation by hon. Members opposite. I am sure the Minister of Health is going to be very interested to be reminded of what he did say about retroactive legislation when it was brought to this House before. Now, the Minister of Mines wasn't here at the time, but I would say he was probably upset somewhat, but not saying so. The Members down in the corner here, these people here who are certainly concerned about their constituents, are not showing me the integrity I thought they had, because they should be up here standing today, condemning their Government for stealing, or for fleecing, I should say, the consumers of electricity in this Province. And the Member for Placentia has it in him to do it, because I saw him do it last week. The Member for Carbonear, who is not here right now, has it in him to do it because I saw him do it on the community college issue in his District. I am sure the Member for St. John's South has it in him to do it but I think he wants to get into Cabinet too bad, so he probably will not do anything like that.

The Member for Pleasantville is not here right now, I am sure he is out on constituency business, but he would be one who would speak up, and I know the Member for Waterford - Kenmount is not shy of expressing his opinion to the Minister of Finance, especially when the Minister of Finance insults some of the businesses that his buddies are carrying on, so, I know in private he made representation to the Minister of Finance. The Member for - Mount Scio, I mean, yes. I know in private he made strong representations to the Minister of Finance and he was probably one of the people who is responsible for the Minister of Finance apologizing, which I thought was a good thing to do at the time, but, I am sure he is not shy in making representations to the Minister of Finance on that issue, and I am sure that he would probably get up in this House and make the same strenuous arguments against the increase for electrical rates for the consumers, and particularly the people who live on Bell Island who find it extremely difficult to find work.

Obviously there is not a big lot of work to find on Bell Island, but the Member for Mount Scio - Bell Island has, I understand, initiated a development conference to go on Bell Island very soon, but, Mr. Chairman, whatever initiatives he will bring to Bell Island, whatever disposable income will come of that initiative that he is bringing, will be taken away again by the Minister of Finance with his continued increases in taxes and his continued increases in the electrical bills of this Province. As I said before, the Hydro rates over the next seven years in this Province, from initiatives that had been taken

already, will increase almost or just about 50 per cent, Mr. Chairman, which is an amazing increase for anyone who can just afford to pay their electrical bills right now. Mr. Chairman, a 50 per cent increase on someone who now has a \$300 light bill will raise it to \$450 and there are people I would say in the rural areas of this Province who have less mortgage payments to make than \$300 or \$450, Mr. Chairman. But what I would like to see today, Mr. Chairman, before the debate is concluded on this issue, today or next week or a few days down the road, is some Members, particularly back bench Members on the Government side of the House, get up and express their concerns -

Mr. Walsh: Did you when you were a back bencher?

Mr. R. Aylward: No, I never had these concerns. When I was a back bencher I was very supportive, I always got up and supported the Government because they brought in such good legislation and they brought in such progressive legislation. I had nothing but admiration and I supported them wholeheartedly. I was very much supported, Mr. Chairman, when the hon. Member for St. John's East was instrumental in getting a consumer rep. put on the Public Utilities Board. I really did support that because I felt the electrical consumers of this Province would have a certain comfort and when the position was made, I felt the comfort, but when they put the person there, Andy Wells, whom I knew to be a very competent person, that gave me a greater comfort and gave the consumers of electricity around this Province - Mr. Chairman. I know this consumer rep. who was on the Public Utilities Board, even

went back part-time to university in the United States, so that he could upgrade himself to be a better consumer advocate and consumer rep. on the Public Utilities Board, but what are back benchers in this Government supporting, Mr. Chairman, taking that away, to take the representation away from the consumers of electrical energy in this Province. They take the representative away and replace him with a part-time representative.

I have to say, Mr. Chairman, when I am speaking to people who find it very difficult to understand any type of simple logic, I have to keep repeating, especially for the Minister of Social Services, I have to keep repeating that he is doing damage to the social service recipients whom he is supposed to be representing in this Province. I have to repeat it because he is very slow to learn maybe, or he does not want to hear probably. He is certainly an intelligent man, but he will not listen, Mr. Chairman. I tell you how slow he is to comprehend, he has a recipe book for pickles in this House which is about eleven pages. Now he has been Minister of Social Services for more than a year, Mr. Speaker, and he cannot finish reading eleven pages of pickle recipes.

Some Hon. Members: Hear, hear!

Mr. R. Aylward: He has been one full year trying to read eleven pages and they are double spaced. I mean it is not very difficult. There is not a big lot on each page, and they are only very short sentences. I think there are a few abbreviations in there, Mr. Speaker, tsp., it means teaspoon in case you are not sure. When

you read it, if you are having difficulty with the abbreviations bring it over, I will explain it to you and then probably we will get through the first four or five pages in a week or so.

Ms Verge: (Inaudible) poor people.

Mr. R. Aylward: Mr. Chairman, I know he has difficulty in comprehending.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

Mr. R. Aylward: I think, Mr. Chairman, he is gone to page five now, he is after turning another page in that. Oh, he is still on page 4. Okay. Yes, he had a hard time with page 3 because there were two recipes on the same page. He could not get through that one very good, it was kind of hard. It was a difficult one. I think the headings were a problem.

Some Hon. Members: Oh, oh!

Mr. R. Aylward: But I know he has difficulty understanding so I have to keep repeating so that maybe some of the attributes that he showed and some of the concern that he showed when he was on this side of the House for social service recipients, some of the concern that he did show at one time might come through again. They are hidden away in there somewhere. I believe the Premier got them. When the Premier put him in suspended animation for three or four weeks or a month period there, when he put him in limbo for a little while, Mr. Chairman, he did not take him out of Cabinet, but he did not leave him in Cabinet, but -

Some Hon. Members: Oh, oh!

Mr. Efford: Now I know why you put up the lights in Mount Pearl, so you could weed your garden in the night.

Mr. R. Aylward: No, that was not the reason, Mr. Chairman. The reason was that when I planted the plants they will grow twenty-fours a day in my garden, I did not need to weed them because the plants got up quicker than the weeds.

Mr. Chairman, I know the hon. Minister knows very little about agriculture, so he would not understand it anyway.

An Hon. Member: (Inaudible).

Mr. R. Aylward: Mr. Chairman, I had the lights on for a little while according to the Member for St. John's South so I could stand under them and see if I could grow a crop, but it did not work, Mr. Chairman. It just turned redder and redder.

I want to repeat again for the hon. the Minister of Social Services who has gotten to page 4 of his pickle book, now we have to see, we will go for the next month or so in this House of Assembly, we will go for a full month and with consultation from me, and I will not charge you any fee or anything, you come over here and I will interpret the book for you. I will tell you what all these little abbreviations mean so that it will sink in and you will be surprised then, maybe one day after three or four years when we get through the book, I will probably even take you home with me and make up one of the recipes, Mr. Chairman. But we will have a hard time until Newfoundland Produce can get some help to go to Deer Lake or Bishop's Falls or wherever they want to. We are

going to have to go to California to get the cucumbers, Mr. Chairman. So maybe the Minister of Social Services will take me to - are you up to page 4, yet? Are you gone on to page 4, tell me? Because I think there are two more on page 4, so you are going to be a long while on page 4 too.

Well, Mr. Chairman, to explain once again to the Minister of Social Services what he and his Government, his Minister of Finance, and his Premier are doing to the -

Some Hon. Members: Oh, oh!

Mr. R. Aylward: - recipients of social services with this increase in electrical rates, Mr. Chairman, so far what they have done in one year is to eliminate the \$30 million PDD subsidy, Mr. Chairman, which puts an extra burden on senior citizens and social service recipients and low income earners who really cannot afford it Mr. Chairman. And what else have they done this year, Mr. Chairman, but a 1.5 per cent payroll tax, which again hits a corporation like Newfoundland Hydro extremely hard.

And by the time the Minister of Finance got around to explain who would get nailed with this corporation tax we find out that Newfoundland Hydro will have to pay it. It is not going to be one of the lucky ones that will get it, pay it out one day and then bring in back in through the back door. So, Mr. Chairman, corporation tax, the 1.5 payroll tax, just in case I said it wrong, will be paid by Newfoundland Hydro, Mr. Chairman, and they will not be one of the lucky Government Departments or hospital boards or school boards who will pay it out one day and then by the back door

it will be put back in again.

And what else has this Government done, Mr. Chairman, to the recipients of Social Services? They are going to increase a \$300 light bill in the next five to seven years, a \$300 a month light bill, they are going to increase to at least \$450. Now, that is the damage they have done in one year. In one year, Mr. Chairman, they have done that much damage and they have another two or three years to go on their mandate, Mr. Chairman, which will take - I guess the more they do probably the better it is for us, but I am concerned about people who cannot afford it. I am not concerned about winning the next election as much as I am concerned about people who cannot afford to pay.

Mr. Chairman, I have found some of the concerns that I thought the Minister of Social Services had when he was over on this side of the House. And he was a very good advocate on behalf of Social Service recipients. He was a good critic for Social Services, but, Mr. Chairman, whatever cloud he went through when he crossed the floor and became Minister it took all of this concern that he had for Social Service recipients and he has become Attila the Hun, Mr. Chairman, in cutting back. Him and the Minister of Finance behind him have -

Ms Verge: Knuckle under to his right winged Premier, that is what it is.

Mr. R. Aylward: Yes, and I think the Premier and the Minister of Finance, who is a great supporter and a great right wing and at one time was a very ultra conservative Progressive Conservative. Mr. Chairman, they have prevailed over

the hon. Minister of Social Services and all his concerns for the Social Service recipients have disappeared. And, Mr. Chairman -

An Hon. Member: (Inaudible).

Mr. R. Aylward: The Social Services calls that I have received in this year of representing the District of Kilbride have increased by at least 70 per cent, Mr. Chairman. So, that indicates to me over the full eleven years I have had more Social Service calls this year over the last ten to eleven or twelve months, however long you have been there. Mr. Chairman, I have had more Social Services calls in this last year and a couple of months than I have had any year for the eleven years that I represented the District of Kilbride, Mr. Chairman. And that is a result of the lack of concern that the Minister of Social Services has for the people who he really showed a concern for while he was over here. And, Mr. Chairman, I do not understand what happened to him when he went across the House and got his head in the clouds, or maybe he feels important now that he is Minister and his chest is stuck out. His chest is almost out as far as his belly since he got over there, Mr. Chairman. I think he has become so full of himself because he finally made it to be Minister that he is after forgetting what the people on Social Services feel like -

Mr. Chairman: Order, please! Order, please!

Mr. R. Aylward: - and probably they do not come to him with their concerns anymore.

Mr. Chairman: Order, please!

The hon. Member's time is up.

Mr. R. Aylward: By leave, Mr. Chairman.

Some Hon. Members: No leave.

Mr. R. Aylward: Thank you very much, Mr. Chairman.

Mr. Chairman: The hon. the Member for Mount Pearl.

Mr. Windsor: Thank you, Mr. Chairman.

Mr. Chairman, this is a very straightforward piece of legislation on the surface. But it has some very serious hidden implications. It is another one of the hidden taxes the mysterious Minister of Finance tried to slide through his Budget, tried to mislead the people of the Province into believing there were no tax increases on consumers in this Province. We have shown on several occasions where the Minister of Finance was misleading the people of the Province in his deceitful Budget document. This is another example of it. The Minister will sit there and pontificate that he is not taxing individuals, not taxing consumers, but where does he think that this 1 per cent is going to come from. It is 1 per cent now. All it says in this legislation is it is a fee on outstanding guaranteed debt that gives Cabinet, Legislative Council, the authority to change that fee. The Minister does not have to come back to the House again. Here is the real weakness here, this is a tax now that the Minister can vary without coming back to the House. I am not sure that there are other taxes that can be varied.

This is a fee, to be prescribed by

the Lieutenant-Governor in Council, I would assume. The Lieutenant-Governor in Council may make regulations. In other words Cabinet can make it 2 per cent tomorrow and 3 per cent next week and 5 per cent the following week and 20 per cent if they choose. It is a tax on the people of this Province that does not have to be approved by the Legislature of this Province. Now the Minister cannot do it with sales tax, he cannot do it with personal income tax, he cannot do it with any other tax except this tax. He calls it a fee, but it is a tax any way you look at it. It is a tax. It is a tax on Hydro. It is a tax on the consumers of electricity. It is \$10 million out of the pockets of consumers of electricity this year. The Minister says no. Well, where is it going to come from. The Minister is going to bring in a Special Warrant, is he? That seems to be his answer. Anytime he puts in something and he does not know where it is coming from, oh, we will have a Special Warrant later on in the year. Ten million dollars, Mr. Chairman, directly out of the pockets of taxpayers of this Province.

An Hon. Member: (Inaudible).

Mr. Windsor: Rate payers, that is different. That makes me feel great. It comes out of my left pocket instead of my right pocket. It also sends a signal to energy intensive industries that may be looking at establishing in this Province.

The hon. gentlemen from Long Harbour, who represents Long Harbour, and the Member for St. John's South, would know how important energy intensive industry is, how important energy

intensive industries can be. No doubt he is interested in attracting a new energy intensive industry to Long Harbour to take advantage of the electrical grid that is set up there and the energy that is available as a result of the closedown of ERCO.

This is not going to help him. It is not going to help him at all. The hon. the Member for Labrador must be interested too. He wants to see if further Hydro resource is developed.

Mr. Chairman, this is clearly \$10 million out of the pockets of taxpayers. Where does it end? I have pointed out that the Minister can bury it. A simple Cabinet Order can change that rate. It does not require anyone's approval. It does not have to come back to the House of Assembly. Just on the whim of Government another \$10 million can be taken out of the pockets of people. To add insult, he made it retroactive.

The Minister can protest all he wants and say, Hydro is going to absorb that. What foolishness. They might absorb it this year, for one year, but how about \$10 million next year, and the next year, and the next year? Who does the Minister think he is fooling? He is insulting the intelligence of Newfoundlanders to say that Newfoundland Hydro can accept this and can bury this in their accounts. If it was a one-shot deal they could find it, but it still comes out of the pockets of taxpayers. So the Minister is not fooling anyone when he says the likes of that.

So who is next, Mr. Chairman, with these guarantee fees? I ask the Minister of Municipal Affairs is

that next? Are we going to charge municipalities next for this? Are we going to slap a 1 per cent or a 10 per cent fee on borrowings by municipalities? Is that the next step? Is that the way this Government sees this Province being developed? Government uses its borrowing power to assist certain agencies. Newfoundland and Labrador Hydro was one of them. Municipalities, through the Newfoundland Municipal Financing Corporation, is another one. Other Crown corporations received Government guarantees to do borrowing. Many industries in this Province, hundreds of fish plants, for example, I say to the Minister of Fisheries, have Government guarantees. Does the Minister of Finance then support charging them a fee for that guarantee?

An Hon. Member: (Inaudible).

Mr. Windsor: You would support that.

An Hon. Member: (Inaudible) 1 per cent we are charging them now (inaudible).

Mr. Windsor: I asked a question last week, when we spoke on this topic briefly, about banks - I will get back to the banks again for the second time today. When they received Government guarantees, there is no difference in the interest rate. I asked the Minister of Finance, and I asked him with sincerity, would he address that? I would like to know his view on that to see what the policy of Government is in this Province at this time. The banks when they have a Government guarantee, therefore taking absolutely no risks; the taxpayers of this Province are taking the risk, is the Government going to

charge the banks?

An Hon. Member: Would that be fair (inaudible) loan and guarantee (inaudible)?

Mr. Windsor: I am not saying change the rate, I am saying charge the banks.

Mr. Carter: You can't do that.

Mr. Windsor: You can't change the rate. The Minister of Fisheries is entirely accurate. If you did that, then everybody in Newfoundland would be looking for Government guarantees, and the floodgates would be open. You could not do that.

Mr. Efford: Is that what you fellows (inaudible).

Mr. Windsor: No. The Minister of Fisheries is absolutely right, and I agree with him.

But why do we not charge the bank a guarantee fee? If we are taking all of the risk, the taxpayers of this Province are taking all of the risk, why could we not charge a guarantee fee to the banks and get back 2 per cent or 1 per cent for these guarantees.

An Hon. Member: (Inaudible).

Mr. Windsor: The hon. gentleman does not understand. I will go through it again. This is a serious debate.

A company, I am using the example of fish plants at the moment. The fish plant in Harbour Grace, for example, borrows money from the Bank of Nova Scotia in Harbour Grace, and they are paying 15 per cent. They find they need a Government guarantee. The bank will no longer carry them and they

are getting financially strapped. So they come to Government and they say, We need a government guarantee. The bank will no longer extend our line of credit unless we have a guarantee.

Mr. Efford: (Inaudible).

Mr. Windsor: I will start again, Mr. Chairman. It is analyzed by a team of officials from the Department of Fisheries, the Department of Development, the Department of Finance. Recommendations come to Cabinet, and a guarantee is issued to that bank.

Now, nothing has changed from the banks point of view; no more money is given out, the interest rate stays the same. But now the bank has no risk, because Government says, If this company does not pay it, then we will pay it.

The question I am asking is, should the bank now get 15 per cent interest rate with no risk? Yesterday they had complete risk, they were entirely exposed for the full amount of that loan, a line of credit. Now, tomorrow, they are not exposed whatsoever.

So, I am saying, rather than ripping 1 per cent off the taxpayers of this Province through Newfoundland and Labrador Hydro, maybe the Minister of Finance could get it back. He has taken 3 per cent we just looked at from this Financial Corporations Capital Tax, maybe he has another way. Maybe this is a legitimate way that those corporations, those financial institutions should be paying for the service they are getting from Government.

Another alternative is maybe we should look at these loan

guarantees. If we are guaranteeing it at 15 per cent rates, maybe we could be of more assistance to these companies by loaning them money directly at Government rates, or maybe a couple per cent above Government rates, for what we borrow at, rather than have them financing it. We are taking all the risk. Because in effect we are loaning them the money, but we are paying 15 per cent.

The Minister did the borrowing last week. I was away at the time. Was it at 8 or 9 per cent that he borrowed in Canada or the U.S.?

An Hon. Member: The States (Inaudible).

Mr. Windsor: It was in the States. At 9 per cent? The Minister is not paying any attention, as usual, so I can't get an answer on that out of him.

We could just as easily, instead of giving out \$100 million in guarantees to these companies, borrow another \$100 million and lend it to these companies ourselves. We are entirely exposed anyway; we have the complete risk once we issue a guarantee. So if we are borrowing at 9 per cent in the United States, we could charge them 11 per cent; we are getting 2 per cent back, and the company has the advantage of having cheaper money. But what is the next step? I mean, are municipalities going to be involved here now? How much are they going to have to pay? Another way of taking money out of the pockets of taxpayers of the Province.

An Hon. Member: We are already charging it.

Mr. Windsor: The Minister said we are already charging it. No, we are charging an administration fee, the Member for Placentia will know. We are charging an administration fee, what it actually cost to borrow the money, and bank charges, and staff time and every thing, the cost of borrowing the money and administering the accounts of Newfoundland Municipal Financing Corporation. It is a very nominal amount. But that is all we are doing, recovering direct costs. We are not charging a fee over and above it. But I would suspect in next year's Budget we will see it. In next year's Budget the Minister of Finance will want to charge a fee.

And how about other Crown corporations? The Marystown Shipyard - is the Marystown Shipyard now being charged a fee on the debt that is being guaranteed by Government? If so, it is rather foolish, because we are paying the interest on the debt. This Corporation, at the moment, can't handle it. We transferred, I believe it was, \$4 million just prior to the end of the last fiscal year to cover the interest on the debt for Marystown Shipyard, which was a commitment that was made some time ago. So if we are going to charge a guarantee fee, it is in one hand and out the other.

An Hon. Member: Why don't we give it?

Mr. Windsor: Why don't we give it? That was the point I was just making. Why don't we give a preferred rate? That is the question I was asking the Minister.

Some Hon. Members: You were asking (inaudible).

Mr. Windsor: Well, I indicated some time ago that we were just getting into that, starting some informal discussions with some of the financial people along those lines on that concept.

Mr. Hogan: (Inaudible) guaranteed anyway.

Mr. Windsor: Exactly! They are guaranteed, and that is my point. And obviously they are going to resist. I do not think we are going to do it alone here in Newfoundland, it has to be a national policy. I think all Finance Ministers and the Federal Minister have to combine and sit down with the Bank of Canada and the other banks and say, If you are going to ask us to take all the risks, then it is going to cost you something.

Mr. Hogan: (Inaudible) banks?

Mr. Windsor: It is a matter of banking policy. Once one bank, the Bank of Canada, set that, and then other banks will follow as well.

The other option, I suppose, is to set up some sort of a Federal/Provincial Crown Corporation to do these financing (inaudible), and finance it ourselves. I mean, we were taking all the risk. It would cost us nothing; we would be making money by setting it up ourselves.

An Hon. Member: (Inaudible).

Mr. Windsor: Well, if the banks are doing very well on their 11 or 12 per cent, we will do very well.

An Hon. Member: (Inaudible) Municipal Finance Corporations (inaudible)?

Mr. Windsor: No. The Newfoundland Municipal Finance Corporations is the same thing, pay it at current rates. There is no great benefit.

Mr. Chairman, let me go back again. This is an interesting discussion, and I think it is a worthwhile discussion on the issue. I would hope the Administration pursues that line, because I think the banks are taking advantage of industries in this Province which need Government help. And it is clear that when the times get tough in rural Newfoundland, those banks which are financing fish plants, for example, they bail out pretty quickly.

An Hon. Member: (Inaudible).

Mr. Windsor: No, they will not be. The banks are kind when you don't need them. They are kind when you don't need them. I have dealt with them for years, both professionally and personally, and I can tell you. They are fair-weather friends, the banks are. I realize they are there to do business - they are there to do business - but they make a lot of money from doing business in this Province, and they have zero commitment, in my view, some of them. Some of them have zero commitment. Fortunately, there are certain bank managers who have a little bit of flexibility in dealing with individuals, and a good bank manager can do a lot of things that other bank managers will not do. But when you get up to the large scale business, it is controlled by Halifax or Montreal.

An Hon. Member: (Inaudible).

Mr. Windsor: That is right. The decisions are not being made in

Newfoundland, that is the other problem. Decisions are not being made here, decisions are being made elsewhere, Halifax in some cases, in other cases Montreal and Toronto. As Minister of Finance and Minister of Development, I sat down in the headquarters of these banks in Toronto and negotiated with the vice-presidents on major projects that were being undertaken. That's where the decisions were being made, and they didn't know Newfoundland from a hole in the ground, some of them, with one exception; we had a Mr. Bell, who is a native Newfoundlander, Vice-President of the Bank of Nova Scotia, in Toronto, a good man; a good man but hard-nosed, one of the toughest business people I have ever met. He was a native Newfoundlander, but he did not have a lot of compassion. A very capable individual, a nice individual.

But we have seen it over the years, and this Government will see it as well. This Government will see it as well, and they will see it very soon, if they are not seeing it already. Now that the fishing industry is having such a difficult time, I suspect there is a steady string now of companies knocking on the door of the Minister of Finance looking for Government guarantees because the fish plant will no longer support them. They are not looking for any increased line of credit, they are just saying, no, we will not continue on with this line of credit. They will actually pull back - they will actually pull back. And we have had many cases where Government was forced. Because, unfortunately, Government is in the position then if they do not agree, then we see, for example, the fish plant in Harbour

Grace shut down. It is a great game of poker, and if you happen to be on the bank's side, you have all the aces. You have all the aces. Let her shut down. I am sorry. This is business. We cannot support this line of credit any further. We are very sorry about that. And they will say, we will get another operator to come in, let it go bankrupt, somebody else will pick it up. And this is what has happened far too many times. Let it go into bankruptcy, and the bank gets their share of it. They still own it and they sell it then to a new operator who comes in and gets it for 40 or 50 cents on the dollar maybe, maybe less. If it happened to be owned by Government, we may turn it over to them for a dollar so that they will operate it; anything to protect 400 or 500 jobs. Harbour Grace would have at least 400 or 500 jobs, I would suspect, in that fish plant.

An Hon. Member: (Inaudible)
expose them enough.

Mr. Windsor: Don't expose them enough, that is right. And the banks are manipulating the companies. You talk to any businessperson in this Province and the biggest problem they have in doing business is in finding the financing, the line of credit to go on with it.

And, I say to the Minister of Finance, too, one other problem: I recently had a constituent call me, in the last day or so, and bring to my attention the fact that his company had done a considerable amount of work for which, obviously, he had to pay certain sales taxes and now a payroll tax, that sort of thing, but he has not been paid for it. It is a bad debt, or may be a bad

debt. Certainly it is going to take him a year, or maybe two years, through legal means, but, in the meantime, that company not only have they done the work, paid the salaries, bought the materials, now they have to pay the tax too; they have to pay it in advance. So not only are you financing the job you did for that other individual, the other company, now you also have to finance on top of that, the payment of the tax. Before you receive payment, which includes, obviously, an amount to pay your taxes, maybe 5 per cent of it or 10 per cent of it - if you are doing a \$1 million job, maybe there is \$100,000 in taxes in it - so not only have you spent the \$1 million to do the work, now the Minister of Finance comes in, and quite correctly under the existing legislation and existing regulations, the Minister of Finance will come in and say, you owe me \$100,000. So now you have to borrow another \$100,000, which means you are out \$1,100,000 and you have to finance that \$100,000. And it does not take long at today's interest rates, before any profit you might have had in that project, is not only gone, but you have a loss.

I would say to the Minister of Finance, and I wish, at least once when somebody was speaking about financial matters, he would pretend he was paying attention, even if he does not really care. But I would say to the Minister of Finance he should look at that and he should have a provision there which allows himself and his officials to consider special circumstances like that, and to make some allowance to give those people time to pay taxes when they have not received the money to pay the taxes with. Too many

companies have been really strapped. In fact, companies have gone out of business primarily, in this Province, because of financing, and it gets back to the whole problem, in this Province, of being undercapitalized. That is the crux of the problem of most companies in the Province, carrying too much debt. You cannot support 90 per cent or 95 per cent debt at today's interest rates. Your profit margins just will not cover that, will not give you enough money to pay your expenses, run your business, and service that debt as well. It just is not there. You have to have more equity than that in there, unless you are into something with a very high profit margin. And if you are into that kind of a profit margin, it is probably illegal.

So I say to the Minister that the mechanism known as loan guarantees is critically important to industry in this Province, and I say in all resource base sectors particularly. It is only recently that we have gotten into the service sector a little bit, and I am not sure that this Government is very receptive to financing in what is normally considered the general or service sector.

Generally, for many years we considered only resource based industries. There were many mining companies, fishing companies, forestry companies and sawmillers which have government guarantees and would not be in operation without them. It is a legitimate mechanism for Government to assist industry; it is a tool that is available to industries in other parts of Canada and other parts of the world. And if we are going to be competitive with those parts of

the world, with the world marketplace, then we have to assist our industry with world competitive incentive programs. By slapping a 1 per cent fee on them, which I suggest we will, this is just the first step - this Hydro Bill is just the first step of putting guarantee fees on municipalities, on crown corporations, on any industry which has a Government guarantee from this Province.

It is clearly a hidden tax, Mr. Chairman. Clearly a hidden tax. Another \$10 million this year added to the \$30 million coming out from PDD, which is another way for Government to raise \$30 million and pretend they are not taxing the people, for they are doing it through Newfoundland and Labrador Hydro. It is a cowardly way of taxing the people of this Province, a cowardly way of attempting to hide the fact that this Budget the Minister brought down this year was a tax grab and that he misled the people of this Province into believing that there were no additional taxes on individuals and on the consumers of this Province. The Minister should be ashamed of himself, Mr. Chairman. I adjourn the debate, Mr. Chairman.

Mr. Baker: I move the Committee rise and report progress and the passage of a Bill.

Mr. Chairman: It has been moved and seconded that the Committee rise and report progress and the passage of Bill No. 26.

All those in favour:

Some Hon. Members: Aye.

Mr. Chairman: Against.

Ms. Verge: Chairperson, the Member was simply adjourning the debate.

An Hon. Member: He did say it. (Inaudible).

Mr. Chairman: (Inaudible) and Bill No. 26 was carried prior to that.

Mr. Baker: Does the Member want to continue on at 2:00? We could do that, if you want.

Ms. Verge: Yes. We have a lot more to say on Bill 31, the Hydro Bill.

Mr. Baker: Okay, Mr. Chairman. Just leave the Chair and come back at 2:00 p.m.

Mr. Chairman: The Committee of the Whole now stands adjourned until 2:00 this afternoon.