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***VERBATIM REPORT***  
***(Hansard)***

***Speaker: Honourable Thomas Lush***

The House met at 9:00 a.m.

Mr. Speaker (Lush): Order, please!

The hon. the Minister of Municipal and Provincial Affairs.

Mr. Gullage: Mr. Speaker, I would just like to make a brief comment commending Ray O'Neill, who was just recently elected President of the Federation of Municipalities, the National Federation. I think it should be acknowledged that he spent some three years, I believe, on the National Executive - Second Vice-President, First Vice-President - and now he has taken on the top role in the Canadian Federation. I think he should be commended for that and for his work throughout the years for the Federation of Municipalities, particularly on the Mainland, although he was involved in the Newfoundland Federation as well. It is particularly opportune when we consider that next year Newfoundland, here in St. John's, will be hosting the Canadian Federation of Municipalities in their National Convention. I am told, because I was up there this week for the Convention, that we anticipate some 2000 delegates, so it will be indeed a large Convention with representation from throughout the country, throughout Canada and the territories. At that time, of course, he will be concluding his term of office. So, I think he is to be commended and we should be very proud. It is only the second time, I believe, that we have had a National President. The other time was when Mayor Mews was President of the Federation nationally, back, I believe, in the 50s. I would like a letter of commendation to go to Councillor O'Neill.

Some Hon. Members: Hear, hear!

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

Ms Duff: Mr. Speaker, I take great pleasure in joining with my colleague the hon. Minister of Municipal and Provincial Affairs in congratulating my colleague, Mr. O'Neill, on his attaining the Presidency of this organization. It is, as the Minister pointed out, only the second time in the history of the Federation they have had a Newfoundland President, and I think it is thirty years since the last occasion. I would also like, at this time, to say that the Newfoundland delegation, and the Federation, greatly appreciated the attendance of the Minister from Newfoundland at the Convention, and I would like to thank him for taking the time to come and take that kind of an interest in Municipal Affairs. His presence was not only noted by the other delegations, but I think the off-the-floor conversations that he was able to hold with some of the Newfoundland group who were there from all over the Province, would be enlightening both from the Minister's perspective and from ours. So, I believe it was a very positive exercise and I would encourage the Minister to come again.

Mr. Speaker: Before moving on to the routine business, this might be an appropriate place to remind hon. Members that when we get up in the House to give congratulations or condolences, whatever it might be, I want hon. Members to know, at this point in time, there is no provision in our Standing Orders, and we just do it at the leave of the House. Therefore there is an onus on hon. Members to do it rather quickly.

I do not know whether, in the new rules and regulations, we have provision for that, but if we follow the Ottawa scene, then I think it is just 90 seconds, it is just a minute and a half. So, I just want hon. Members to remember that when they are standing up.

I am not suggesting that the hon. Members today were lengthy, I just wanted to make the point for the future, because I have noticed in the past that some hon. Members had been lengthy, and we should remember that we are just doing it at the leave of the House, and we should just keep the comments as brief as possible.

#### Statements by Ministers

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

Mr. Speaker, recently in this Honourable House comments were made with respect to the Province's borrowing in the U.S. bond market. Also, statements attributed to the Federal Minister of Finance were reported in the media. For the benefit of Honourable Members, I would like to clarify some of the factors that influence Government borrowings particularly in the United States market.

Mr. Speaker, the rate at which Canadian Governments borrow in the U.S. market depends in part on the going rate for comparable U.S. treasury bonds, and on the spread from these treasuries reported in basis points or hundredths of a per cent, spreads which differ for a number of reasons.

Thirty year U.S. treasury bonds were yielding about 8.4 per cent

in early February and generally rose till they surpassed 9.0 per cent in late April, thereafter dropping until yesterday they again yielded about 8.4 per cent.

Mr. Speaker, the Government of Canada would have to offer higher interest rates than these to borrow money in the American market and provinces even higher. The cost of borrowing in the United States for all Canadian provinces is determined by a number of factors including recent economic performance, economic expectations, recent budgets and financial performance, the borrower's debt position, the value of the Canadian dollar, interest rates in Canada, and the size of the federal deficit.

Most important among these items are the Province's debt position and the general view of Canada. On the first item, Mr. Speaker, the Province's debt position is something which this Government inherited from the previous Administration on April 20, 1989. It was something that was allowed to go unchecked since 1971 and, I regret to say, will be a burden not only on the current residents of this Province, but on future generations. Fortunately, my colleagues and I have been able to bring in two Budgets with surpluses on current account which is at least a start in the right direction towards fiscal responsibility.

This Government is on the road to improving the fiscal position of the Province but it will take a long time before we are able to undo the mistakes of the past. Mr. Speaker, it goes without saying that without the debt burden left by the previous Administration new borrowings by

the Province would now be considerably cheaper. A second important factor in the cost of borrowing is the situation in Canada and how the Canadian Government is performing. As we all know, the Federal Government's performance has been dismal. The federal deficit is at unacceptable levels, not just to U.S. investors, but to investors throughout the world. The federal Government has been unwilling to do what is necessary. Their policy has been to keep short-term interest rates very high, yet they are by far the largest borrower in the country and their debt is primarily in the short-term market. The only meaningful expenditure reductions that they have implemented have come at the expense of the provinces through cuts in transfer payments. They have demonstrated little willingness to cut the fat that is persistent throughout the Federal system.

Mr. Speaker, the cost for provinces to borrow in Canada is, at the present time, prohibitive. Many Canadian provinces have had to do their borrowing recently in the United States - Quebec, Manitoba, New Brunswick, Alberta, Ontario Hydro, as well as Newfoundland.

The cost to provinces of borrowing in the United States is determined also by the value of the Canadian dollar, which is constantly being propped up artificially by the Bank of Canada with the support of the Federal Government, in the belief that this is how to stop inflation. Mr. Speaker, a propped up Canadian dollar means that we get from a U.S. issue fewer Canadian dollars than we should. Our real interest rates are thus higher than they appear. The

Federal Government's policies of high interest rates and an artificially high Canadian dollar are hurting provincial governments, they are hurting export industries and, indeed, they are hurting almost every business, every borrower in Canada.

Some Hon. Members: Shame!

Dr. Kitchen: Mr. Speaker, I mentioned the higher basis points spread between interest rates for Canadian bonds and those of comparable U.S. treasuries. For Canada, the higher spread has increased since January, and so has the spread for all provinces including Newfoundland. Mr. Speaker, the main reason for the increasing spread is not Meech Lake but the fiscally irresponsible actions of the Federal Government -

Some Hon. Members: Hear, hear!

Dr. Kitchen: - including their budget, their GST, and their artificially high Canadian dollar.

Mr. Speaker, I wish to deny emphatically the statement attributed to the Federal Finance Minister that our recent \$150 million issue cost this Province from \$20 million to \$22 million extra because of Meech Lake. Mr. Speaker that issue was arranged some weeks ago, the agreement was made on May 18, and signed on June 5. Mr. Speaker I was in New York on Tuesday to attend the formal closing of that issue. The Province's underwriters -- Merrill-Lynch, Salomon Brothers, RBC Dominion and Scotia McLeod -- assured me that the issue was a success and that all the bonds had been placed with investors. They are looking forward to dealing with us again.

Some Hon. Members: Hear, hear!

Dr. Kitchen: Officials in our Department of Finance and the members of this Administration are very pleased with the interest rate, which at 9 7/8 per cent, is historically quite good. Our credit rating has been confirmed and we received a good reception by the financial marketing agencies in the United States.

Mr. Speaker, the timing of that issue was impeccable. Had we borrowed a few days earlier or a few days later the interest rate would have been higher. We were able to thread the needle, to find that window of opportunity between declining yields on US treasuries and increasing basis points spread for Canadian issues. We borrowed at 120 basis points off 8.69 US treasuries for a yield to our investors of 9.90 per cent.

Mr. Speaker, this is not the first wise fiscal move since this Government took office. I remind Members of our money-saving Japanese yen deal last year, of our decision this spring to bring in the Health and Post-Secondary Education Tax in response to the Federal Government's cuts in Established Programs Financing for health and post-secondary education, our decision to make payments to meet the unfunded liability of our pension funds, and our taking advantage last year of the inverse yield curve of widened negative spreads between long and short-term interest rates. Mr. Speaker, at long last the finances of this Province are in capable, prudent hands.

Some Hon. Members: Hear, hear!

Dr. Kitchen: As far as Mr. Wilson's comments are concerned, I

have no alternative but to dismiss them as just another attempt to frighten Canadians into accepting the Meech Lake Accord. If he is truly concerned about the high cost of borrowing money in Canada then he might suggest to the Bank of Canada that it take immediate steps to lower interest rates, and to relieve Governments, businesses and the people of Canada of the unnecessary burden of an artificially high Canadian dollar.

Some Hon. Members: Hear, hear!

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

Mr. Windsor: Thank you, Mr. Speaker.

I thought the madman was gone to Ottawa, but I was wrong. He has left one behind.

The Minister's statements says a number of things and to some degree he is right. I congratulate his officials on threading the needle because the Minister need not take any credit for that, the Minister would not know a needle if he saw one, neither would he know an inverse curve if he saw one, Mr. Speaker. Any wise and prudent financial decisions that have been made have been made by his officials and certainly not by that incompetent Minister.

Mr. Speaker, I agree with one other thing. The fourth paragraph of his statement has a lot of truth in it. It says the cost of borrowing in the United States for all Canadian provinces is determined by a number of factors, including recent economic performance, hence the high borrowing rate, because of this Government's economic

performance. Economic expectations - and here is where we get Meech Lake in, Mr. Speaker - there is absolutely no confidence left in the economic expectations in this Province. The economy of this Province is now at the worst stage it has been in recent history as a result of both the fiscal policies and the constitutional policies of this Government. The actions of the Premier of this Province in Ottawa today are disgraceful, Mr. Speaker, and he alone is responsible for trying to destroy Canada. Mr. Speaker, he is doing a good job of it. On the Tokyo stock exchange last night the Canadian dollar fell by 1.5 per cent, the greatest drop in the Canadian dollar in history, as a result of the performance of Mr. Wells in Ottawa.

Some Hon. Members: Hear, hear!

Mr. Windsor: The Minister says recent Budgets are a factor - indeed they are, Mr. Speaker, and we all know about the Minister's recent Budget. We all know what that had done, not only to economic expectations, but to the economy of today. And if the Minister would get out of his office and find out what is going on with the economy of Newfoundland and Labrador, he would find out we are in the worst depression that this Province has seen in fifty years right now.

Some Hon. Members: Hear, hear!

Mr. Windsor: Just ask the business community, if you have the nerve to talk to them.

Some Hon. Members: Oh, oh!

Mr. Windsor: What does the Minister do to resolve that? He

increases personal income tax, he brings in this new payroll tax, which we just had laid on our desks, and the House Leader says we are going to debate this today. It was laid on our desk this morning, a major tax measure and we are going to bring that into the House of Assembly for debate today. And we will talk about that some more, in a few moments.

Some Hon. Members: Oh, oh!

Mr. Windsor: The borrowers debt position: the hon. Member would have us believe that they inherited such a mess, it is funny he did not mention the fact that he borrowed \$400 million last year, and an additional \$100 million this year. That is his fiscal policy. And he talks about surpluses in the Budget. Congratulations! He has got a \$10 million surplus budgeted this year. Anybody can budget a \$10 million surplus, if they borrow \$100 million more than they did last year.

Some Hon. Members: Hear, hear!

Mr. Windsor: They had a \$90 million deficit over last year. That is what he has, Mr. Speaker. That is what is impacting on our borrowing power. That is what is impacting on interest rates. The Minister's performance and nothing but, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Windsor: The value of the Canadian dollar I mentioned; the interest rates in Canada, and the size of the Federal deficit. Of course, they impact on everything. They impact on every Province. But what makes the difference, Mr. Speaker, and the

borrowing power of each Province, is the performance of this Government or let me say, Mr. Speaker, the lack of performance of this Government. The disgraceful financial policies that this Minister has brought into this Province. He and he alone is responsible for the cost of borrowing in U.S. or any other market.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

### Oral Questions

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

Mr. Rideout: Mr. Speaker, the Minister of Municipal and Provincial Affairs has indicated the Government's intention to bring in a new Bill entitled, "An Act Respecting The Creation Of Regional Services Boards Throughout the Province", and the Minister, at least through the Government House Leader, has indicated they intend to bring that Bill in this session and have it passed before this House rises for the summer recess.

Mr. Speaker, what I want to ask the Minister is what consultation has the Minister had with the Federation of Mayors and Municipalities on that Bill, and with other Municipalities throughout Newfoundland and Labrador?

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

Mr. Gullage: Mr. Speaker, I have had intensive consultation with, I

would say, certainly the greater percentage of Municipalities throughout that Province. We have talked about regional services almost every time a council has been in to see me. It is something they badly want and badly need throughout the Province. It is no secret, Mr. Speaker, that we have boards in place throughout Newfoundland and Labrador. They have really no legal status, they are just committees. The councils have been asking that these committees be formalized on a legal basis, where they can be constructed properly and they can cost-share on whatever service they want to provide for their communities.

These boards are badly needed, not just in existing situations, but in other situations where groups of communities, two, three, four or more communities, can get together and provide a service, any service they wish that can be provided on a Municipal basis, and have a legal mechanism where they can cost-share on a per capita basis.

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

Mr. Rideout: Now, Mr. Speaker, that was the perfect no answer. Let me come back to the Minister again. I want to ask the Minister directly what consultation has the Minister had on this proposed piece of legislation with the Federation of Mayors and Municipalities? That is the question I want the Minister to answer.

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

Mr. Gullage: Mr. Speaker, I met

most recently two weeks ago at their executive meeting, they meet throughout the year four or five times a year and I meet with them at the same time, and we discussed the fact that I was bringing in this particular legislation.

All the Members on that particular executive - I would not say all of them, but the majority of them I have already had discussions with. Regional services boards and the legislation that is about to be before the House is no secret, Mr. Speaker. It has been discussed throughout our first term of office on a consistent basis with the people who are involved, the Mayors and the councillors throughout the Province.

I fail to see, Mr. Speaker, the thrust of the Opposition Leader's question. If he is trying to imply that there has been no consultation, that is not the case.

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

Mr. Rideout: Mr. Speaker, I do not have to imply anything. The Minister has just confirmed twice in a row there has been no consultation with the Federation of Mayors and Municipalities on this piece of draft legislation, none whatsoever, Mr. Speaker.

Now, Mr. Speaker, let me ask the Minister this. In evidence given to the Legislative Review Committee just a few days ago, the Assistant Deputy Minister of Municipal and Provincial Affairs said this Bill would provide another legal procedure to achieve amalgamation of Government services in the Province. Now, I want to ask the Minister is it the Minister's intention to use this

Bill to force amalgamation on communities which do not want to hear talk of the Minister's amalgamation plan, Mr. Speaker?

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

Mr. Gullage: Mr. Speaker, obviously the Leader of the Opposition does not understand the amalgamation process. And I am not a bit surprised, because it has been evident throughout the debate on amalgamation, every time it has been mentioned by the Leader of the Opposition.

There are two entirely different thrusts on the part of the Government. Amalgamation is for the purpose of putting together communities that are very small - most of them are very small in nature - in rural Newfoundland, in particular. A lot of them have populations of 500 or 600, where they cannot even afford to hire staff. The purpose of amalgamation is to provide them to have a larger community unit, of 1,500 or more in population, where they can afford to have staff, equipment, better planning, better engineering, and the list goes on. That is the purpose of amalgamation.

Regional services boards are an entirely different idea, something that is needed by the municipalities; they are asking for it, the councils are crying out for it, they want a mechanism that is legal. And if they can co-operate and get together, sign on the bottom line, if you like, and be responsible with a legal entity, they can go and co-operate and have services provided for a group of communities. It has nothing to do with amalgamation.



It is a separate idea entirely.

I might mention in closing, Mr. Speaker, that other Ministers in other provinces have said that this piece of legislation is something they are thinking of doing in their province, now that they know about it. I have talked to them about it, and they say it is far better than what has been done in other provinces, where they have introduced another level of government, regional government. They say that is not the answer. This is the answer, because it is community driven. These boards will be run by the councils themselves.

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

Mr. Rideout: Mr. Speaker, the Minister should go and talk to his Assistant Deputy Minister, who has already testified before the Legislative Review Committee. He was the one who made the statement I just quoted to the Minister. Mr. Speaker, let me ask the Minister this. Why does the Minister need this Bill at all? There is adequate authority under the present Municipalities Act for the Minister to create any kind of regional board, regional government he wants. Why does he need this particular piece of legislation?

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

Mr. Gullage: Mr. Speaker, I am repeating myself, but I guess it is necessary because the Leader of the Opposition needs to have everything repeated four or five times before he gets the message. We badly need this Bill. We do not have in present legislation a

mechanism whereby communities can come together and share, on a per capita basis, in the provision of services for their municipality. There is nothing in the existing legislation.

An Hon. Member: All this legislation does is remove (inaudible) from public areas.

Mr. Speaker: Order, please!

The hon. the Leader of the Opposition.

Mr. Rideout: Mr. Speaker, it is the Minister who should go and take some smart pills this morning, nobody else. The Minister knows that he has all the authority he needs under the present Act, Mr. Speaker. Now why is the Minister running roughshod over every elected municipality in this Province and taking the authority back into the hands of the Cabinet without any public hearings, without any feasibility studies? Why is the Minister making a mockery of municipal government in Newfoundland and Labrador?

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

Mr. Flight: Why is he an alarmist?

Mr. Speaker: Order, please!

Mr. Gullage: Mr. Speaker, if putting Government into the hands of the municipalities with a legal board that is going to be driven by the municipalities under their authority - this board is not above the municipalities, it is below the municipalities, with representation from the elected people, mayors and councillors in that particular group of

communities in any region of the Province. It is community driven, it has nothing to do with Cabinet or with Government or anything else, and that implication is just nonsense, pure nonsense, which I expect. These boards are community - I repeat - community driven and will administered by the communities involved.

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

Mr. Rideout: Mr. Speaker, how does the Minister square that deceiving answer with the words of the Bill which gives the Minister the authority to appoint a chairperson, and which gives the Minister the authority to appoint representatives to that board. Where councils do not nominate representatives, the Minister can do it himself. How does he square that? If councils do not -

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

Mr. Rideout: - nominate representatives to that board, the Minister has the authority to appoint anybody within the municipality. Mr. Speaker, how does the Minister square that answer with the facts in the Bill?

Mr. Flight: What a stupid question!

Mr. Gullage: Where is my critic now that we need him?

Mr. Speaker: Order, please!

The Chair has not recognized the Minister at this point. I am waiting for order to be established.

The hon. the Minister of Municipal

and Provincial Affairs.

Mr. Flight: Ask him if he knows of a town that won't nominate somebody.

Mr. Gullage: Yes, that is a good question. Do we know of a municipality in the Province that will not nominate somebody.

An Hon. Member: Yes, hundreds of them.

Mr. Flight: Name them.

Mr. Gullage: Mr. Speaker, throughout the Province right now we have communities, we have boards in place which are waiting for this legislation; waiting for it, anxious to have it. I can give you an example right off the top. Grand Falls, Windsor, Bishops Falls, they have a board in place now. They are anxious to have this legislation passed so they can have a formal mechanism in place where they can cost-share on regional services. If you want an example, there is one close to home.

An Hon. Member: That is not true.

Mr. Flight: It is true. It is true.

An Hon. Member: Then do it under the present Act.

Mr. Flight: Get to understand it, boy.

Mr. Speaker: Order, please!

I would remind hon. Members that Question Period is for asking questions and getting answers, or not getting answers, as the case might be. But, in any event, it is not for engaging in debate.

An Hon. Member: That is right, but we are not getting answers.

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

Mr. Matthews: Thank you, Mr. Speaker. My question is to the Minister of Fisheries.

Can the Minister confirm that the Pinsent Arm fish plant, in Labrador, will be operated by Conpak Sea Foods, the same company that is operating Twillingate?

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

Mr. Carter: Mr. Speaker, quite frankly, I do not know. I believe the plant in Pinsent Arm was operated by a company that was operating out of Campbellton, Notre Dame Bay, a Mr. Noftall. Certainly, not to my knowledge is it owned or operated by Conpak, the Company operating in Twillingate, who are not even operating.

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

Mr. Matthews: A supplementary, Mr. Speaker. Will the Minister undertake to determine that information for the legislature and provide the information accordingly? As well, if Conpak is going to operate Pinsent Arm, will he undertake to check the details of the management fee, the lease, the brokerage fees, and, indeed, try and determine for the Legislature if there are similar arrangements in place for Pinsent's Arm as there are for Twillingate? Will he undertake to do that?

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

Mr. Carter: Mr. Speaker, it is regrettable that this is happening. There is a deal put together in Twillingate that will, I suppose, stand the test as being one of the best deals ever struck by a Government: no giveaways, no loan guarantees, no promises, by the way, to compensate for losses, as was the case in other deals I can talk about which occurred while the hon. the Leader of the Opposition was Minister of Fisheries; no great giveaways, no great guarantees, yet they insist on trying to make it appear there is something shabby, or something less than wholesome about that deal.

Mr. Rideout: The industry is asking us to ask the questions.

Mr. Carter: Mr. Speaker, the industry can ask the Opposition Member all they want. If they want information, they can come to us and get it. My colleague, the Minister of Development, has offered to table the information -

An Hon. Member: He hasn't done it.

Mr. Carter: No. He will do it. And I will tell you this, he will be doing it in a much shorter time frame than it took the Members opposite to reveal details on the Sprung deal. Think about that, if you will. Think about that. Two or three years, and they would hardly even admit to knowing the Sprungs. Three years and \$20 million later, we are trying to find out. Now we have to have a judicial enquiry to find out what happened. Yet they have the gall to sit over there and criticize us because we have not revealed the details of a deal that was closed about two weeks ago.

Mr. Rideout: Two weeks ago. A

month ago.

Mr. Carter: The actual signing of that contract, Mr. Speaker, the actual contract, the actual deal occurred no more than two weeks ago, and now they are trying to smear the company and the operator by suggesting, by innuendo, that there is something wrong with Pinsent Arm, if in fact, they are involved.

Mr. Rideout: If we want to ask a question, we are smearing somebody.

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

Mr. Matthews: Mr. Speaker, I was trying to get information on Pinsent Arm not Twillingate. We have been trying for a month to get this Minister to table the Twillingate deal. Maybe the reason you will not table the Twillingate deal is that it smells worse than Sprung. Maybe that is the problem with it.

Some Hon. Members: Hear, hear!

Mr. Matthews: The Minister of Development said he was going to table it, you said you were going to table it. When can we expect you to table the details on the Twillingate operation, on the deal? Maybe there will not be any losses, Mr. Speaker, on the Twillingate deal, because maybe it is set up in such a way that the operator cannot have any losses? With a management fee that is going to go, we hear, up to \$150,000, brokerage fees, a minimal amount for a lease fee, which the Minister of Development confirmed in this House, how can anyone incur losses in Twillingate on that basis? We want the information on Twillingate, and I am trying to determine what the

deal is for Pinsent Arm.

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

Mr. Carter: The only thing that smells around here is the attitude of the hon. Member.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

The Chair has reminded hon. Members from both sides of the House that Question Period is not for debate. Using the terms I have been hearing now are provocative and they promote debate. I ask the Minister, please, to continue with the answer.

Mr. Carter: I fully concur, Mr. Speaker, it is not debate. I can only say -

Some Hon. Members: (Inaudible) concur with dirt.

Mr. Speaker: Order, please!

Mr. Carter: Speaking of dirt.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

The Chair has heard enough of this particular answer. On to another question.

The hon. the Member for Grand Bank.

Mr. Matthews: Mr. Speaker, can the Minister confirm for the House that the Economic Recovery Commission had great involvement in arranging the Twillingate deal?

An Hon. Member: I did yesterday.

Mr. Speaker: Order, please!

Order, please!

Mr. Matthews: I am speaking to the Minister of Fisheries, Mr. Speaker.

Mr. Speaker: Order, please!

We cannot operate Question Period when there is shouting from both sides of the House. The Chair has difficulty enough knowing when the questions are asked and the answers are given without extraneous remarks.

The hon. the Member for Grand Bank.

Mr. Matthews: Thank you, Mr. Speaker.

Mr. Matthews: Will the Minister of Fisheries confirm that the Economy Recovery Commission had significant input and, in essence, was a major player in arranging the Twillingate deal? And in checking the information on Pinsent Arm, will the Minister, when he gets the information, table for the Legislature the involvement of the Economic Recovery Commission in the Pinsent Arm deal, as well?

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

Mr. Carter: Mr. Speaker, I believe the day I announced the deal with Twillingate I, in fact, quite proudly told the House. I believe I said the Economic Recovery Team, it is to their credit the involvement they had in the Twillingate operation, and they played a major role in putting together that package, Mr. Speaker. I will get the information he is asking on the Pinsent Arm plant, and my colleague, the Minister of Development, will be tabling the

information when we are ready.

An Hon. Member: When you are ready?

Mr. Carter: When we are ready to do it, and when the information, Mr. Speaker -

Some Hon. Members: Oh, oh!

An Hon. Member: It will not be three years.

Mr. Carter: I can give the House an assurance, Mr. Speaker, it will not take us three years to do it.

Mr. Rideout: That is a performance for a man with thirty years experience in Parliament, that is.

Mr. Carter: (Inaudible) longer than you will survive.

Some Hon. Members: Hear, hear!

Mr. Rideout: (Inaudible).

Mr. Speaker: Order, please!  
Order, please!

Before recognizing the hon. Member I remind hon. Members that when the Speaker is standing, there should be silence from both sides of the House. Members seem to be a little feisty this morning, and I want to remind hon. Members again that in asking questions and in answering questions, the rules are very, very clear.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

The rules are very, very clear, and if hon. Members do not co-operate, then the Chair is at a loss, and the Question Period and the Whole House will just fall

into chaos. So again I call for co-operation from hon. Members on both sides of the House.

The hon. the Member for Humber Valley.

Mr. Woodford: Thank you, Mr. Speaker. My question is to the Minister responsible for Forestry and Agriculture. In view of the fact, Mr. Speaker, that in most parts of the Province it has been fairly dry this spring, and more evident, I guess, in the past week and a half -

An Hon. Member: Where does he live?

Some Hon. Members: Hear, hear!

An Hon. Member: With them, everything is a joke.

Mr. Speaker: The Chair is going to shortly do what the rules allow it to do, if I have to stand any more on interruptions when questions are being asked. And the rules apply to both sides of the House, to Members to my left and to Members to my right.

The hon. the Member for Humber Valley.

Some Hon. Members: Hear, hear!

Mr. Woodford: Mr. Speaker, in view of the fact that in most parts of the Province this spring has been a very dry season - the Minister of Transportation may not know anything about it, but there are a lot of other people who do - evident, Mr. Speaker, from some of the fires recently in the Central Newfoundland area, and more specifically in the Grand Falls/Badger area the week before last and again just yesterday, would the Minister tell the House

if he has hired back all seasonal staff for the forest fire units this summer, and if he is really concerned about the fire season this year?

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

Mr. Flight: Thank you, Mr. Speaker.

I thank the hon. Member for his question. Of course, I am concerned, as we are all concerned, about the fire season.

I am not sure he is right in saying that this season has been dryer than other seasons. As a matter of fact, it has not been very dry in most parts of the Province. Yesterday, as a matter of fact, Mr. Speaker, there were three small fires in Newfoundland, two under control and one out, and one of those was in Labrador.

So to answer his question, yes, Mr. Speaker, all the water bombers are in place and ready to react whenever called on. The various forest fighting units have been staffed. The Member may be going to get up now and say there is somebody not in a given position, but, as far as we are concerned, we are ready to combat any fire which takes place anywhere in Newfoundland. We have the facilities available, the manpower available and we are ready. I might say to the Member that there have been less forest fire starts in this Province this year, up to this point in the year, than any years in the recent past. In the last three or four years, most of our forest fires, particularly the ones which did damage, were in the last two weeks of May, or starting the middle of May. Up until now,

there have been no serious fires. Only one serious fire started in the Province, it started in the Grand Falls area, and it was under control within hours, anyway.

Mr. Speaker: Before recognizing the hon. Member for Humber Valley, I wonder if he would allow me to welcome some students, because the students are sometimes on a tight schedule and have to leave. One group have already left, but we will welcome them anyway on behalf of hon. Members. We have two groups of students. Five students from Fortune Harbour, and eleven Grade IV to V students from Cottrells Cove Academy, in the Exploits district. They are accompanied by their teachers, Colleen Henefent, Derrick Brace, and Debbie Armstrong.

Some Hon. Members: Hear, hear!

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

Mr. Woodford: Mr. Speaker, would the Minister confirm for the House that the Bishop Falls forest fire-fighting unit has been eliminated, commonly known as the early response unit, there in Central Newfoundland? Would he confirm that they have been eliminated, with the loss of six jobs?

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

Mr. Flight: Mr. Speaker, I cannot confirm that, nor should I confirm that. What we have done is cancelled what was known as the Heli-Attack in Bishop Falls, where we had a helicopter that was costing us \$150,000 a year sitting there during the fire season, as well as six employees. So we

decided as a budgetary consideration to discontinue funding that.

In light of other priorities in fire fighting, I might say, we decided to discontinue the use of the Heli-Attack. The intention from the outset was to replace these various employees, because some of them had come from other positions in Forestry in the first place, to have them revert to their original jobs if possible, and if not possible, to make sure they were integrated into the Department. At this point in time, only one of those six is still waiting to see if he will be employed this summer, employed seasonally, as he was always employed.

I might tell the Member, also, that there have been a couple of attempts to place one of the people who were displaced when we cancelled the Heli-Attack, but that particular individual chose to refuse a transfer - for instance, to Springdale or to some other unit. In the meantime, the people who lost their jobs or were displaced when the Heli-Attack was cancelled have been offered first choice of jobs that open up with any other unit in the Province.

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

Mr. Woodford: A final supplementary, Mr. Speaker.

Would the Minister consider, especially in light of the fact that a couple of fires have already started, although they have been looked after in a fairly short time, reinstating the Heli-Attack operation in the Bishop Falls area because of the potential this year for disaster

in that area? And not only the area, but more specifically because of the fact that it was there. And to say that it was just sitting there, what piece of fire equipment doesn't sit there until it is used? Can the Minister explain that to me?

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

Mr. Flight: Yes, Mr. Speaker. The fact is, most pieces of fire equipment do not cost \$150,000 for a couple of months. That was the issue. An axe or a pump or a truck don't cost us that kind of money. Having analyzed the situation, having analyzed the value we got from the Heli-Attack, from that helicopter, given the priorities and given the financial restraints this Government was looking at, it was decided that the Heli-Attack was not a priority. I would like to have a Heli-Attack in every division in the Province.

So, looking at priorities in forestry and looking at how we best spend the money we have available to protect the forest of Newfoundland, we decided to discontinue the Heli-Attack and it will not be reinstated this year.

Mr. Rideout: IF (inaudible) you would eliminate the water bombers.

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

Mr. Flight: You fellows wanted to eliminate them. You guys wanted to get rid of the Cansos.

An Hon. Member: (Inaudible) stupid.

Mr. Speaker: Order, please!

Order, please!

I assumed the questions and the answers were finished and we are gone on to somebody else.

The hon. the Member for St. John's East Extern.

Mr. Parsons: Thank you, Mr. Speaker. My question is to the Minister of Environment and Lands.

Recently I attended a Legislative Committee meeting at which time I asked the Minister about a dump site in the Roaches Line area where dozens of cattle carcasses were thrown, along with several piglets, several pigs, several sheep and rats. My question to the Minister is what has his Department done about this situation?

Mr. Speaker: The hon. the Minister of Environment and Lands.

Mr. Kelland: Thank you, Mr. Speaker. Yes, the Member did raise that issue earlier on. Our Department has been very involved with that particular question on Roaches Line, and my understanding is that the matter is under full investigation by the RCMP, with our Department directly involved.

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

Mr. Parsons: Again, Mr. Speaker, because of the closeness of this dump, which I am led to believe has been filled, to a salmon river, and also this river is used by people for swimming purposes, due to the runoff and seepage in this area I want to ask the Minister has there been an inspection done to the water body to determine the bacteria content?



Mr. Speaker: The hon. the Minister of Environment and Lands.

Mr. Kelland: Thank you, Mr. Speaker. I can assure the hon. Member that the matter is under full investigation. And with respect to the stream, the reason for the involvement by the RCMP in an investigative nature is for that very reason. Our Department has been deeply involved, continuously involved and will be until the whole matter is settled.

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

Mr. Parsons: Would the Minister, because of the importance to all of us of a monitored and clean environment, introduce new rules or regulations to inspectors to make sure that conditions which have prevailed don't ever surface again?

Mr. Speaker: The hon. the Minister of Environment and Lands.

Mr. Kelland: Thank you, Mr. Speaker. There are quite a few rules and regulations in place, both Provincially and Federally, which deal with environmental matters. But I can assure the hon. Member, and Members of the House, that all matters pertaining to the environment are under continual monitoring, and investigation, and review by my Department. Our mandate is to go as far as we possibly can to enhance our environment, to improve our environmental conditions, and we emphasize that in the various actions and activities we have involved ourselves with this week, which will focus everybody's concern on the environment.

So I can assure hon. Members,

every Member of this House, that we will not rest in the Department of Environment and Lands until we are completely satisfied that we have everything in place to make our environment as safe and as clean as possible.

Some Hon. Members: Hear, hear!

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

Ms Duff: Thank you, Mr. Speaker. To the Minister of Health: I would like the Minister to indicate, using the Hospital Council's figures and excluding other aspects of Option 7, what the cost of replacing the existing Grace General Hospital is?

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

Mr. Decker: Mr. Speaker, that is not the kind of information you carry around in your head. There have been suggestions that it would cost about \$117 million to build a new Grace Hospital. If we were to do that on the northside of LeMarchant Road, we would have to buy up some property. That figure has been soft. We would hope that Option 10, when this Committee is put in place to look at all the various options, and I have to stress for the hon. Member, Mr. Speaker, we are talking about options of providing 300 extra beds for this city, Option 10 will be able to give us that figure in a more precise, accurate way. But the general term which is being thrown around by the St. John's Hospital Council and by other people involved in health, is somewhere in the vicinity of \$117 million.

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

Ms. Duff: Thank you, Mr. Minister. That is a little bit different from the \$300 million, and the \$100 million cost per bed. I think the figure actually is somewhere between \$100 million and \$110 million. But we are now in the true ballpark. I would like to ask the Minister what the comparative figures are on replacing the Grace General on the LeMarchant Road site, or any other site where you are going to put it as a new hospital, the cost per bed figures, as compared with the option of splitting a hospital in two, in other words, abolishing the Grace and its long tradition, splitting it in two, on two sites, with the same number of beds?

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

Mr. Decker: Mr. Speaker, if I knew the answer to these questions, there would be no Option 10. If we knew that it was less expensive to attach the 300 beds to St. Clare's and to the General than building a new Grace, then we would have to make that decision now. If we knew it was less expensive to build a new Grace, Mr. Speaker, we would have to take that action now. But we do not know that. Nobody knows that. There are several ballpark figures around, but we want a definite, precise answer to that question. And part of the mandate of the group to look into what is now being called Option 10 is to give us precisely the answer to the question the hon. Member is asking. That is the whole point.

I have to stress again that Government is simply looking at a less expensive way to deliver these 300 beds to the city, a less expensive way than Option 7. If no way exists, then, Mr. Speaker,

we are going to have to try to go the route of Option 7. If there is a more reasonable way, a less expensive way, I am sure the hon. Member, as well as other people in this Province, would believe it is our duty and obligation to find that less expensive way to deliver health care to this Province.

Some Hon. Members: Hear, hear!

Mr. Speaker: Question Period has expired.

#### Answers to Questions for which Notice has been Given

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

Mr. Carter: I have additional information on the question asked by the Member for Grand Bank with respect to the plant in Pinsent Arm. I am told the plant was operated last year by a company operating out of Campbellton, Notre Dame Bay, and that company went into bankruptcy. Fishermen are still owed about \$60,000 as a result of that failure. I understand the fishermen then went to Dr. Blackwood. Having met him at a shrimp company meeting in L'Anse-au-Clair, on March 27, they were very impressed with him and his record. They asked, in fact they literally begged him to take over the plant this year and operate it. I am told that everybody is happy: the fishermen are happy, the people in the area and Dr. Blackwood are happy, the Department is happy, and now, Mr. Speaker, I expect the Opposition will be happy. I did this because I do not want to inflict further misery on the world, or do anything to have the effect, maybe, of having the Dow Jones

index go into a nosedive or something. So the information is now released.

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

Some Hon. Members: (Inaudible) suspicions. He did not even know.

Mr. Carter: We do not interfere, by the way, with these things.

Mr. Speaker: Order, please!

There is now another Member standing, and I would ask hon. Members to do that Member the courtesy of listening, please.

The hon. the Minister of Health.

Mr. Decker: Yesterday, the hon. the Leader of the Opposition asked me about tabling the documents concerning Option 7.

I have been talking with the Chairperson of the St. John's Hospital Council, and they have no objection to tabling it. The problem is, we only have one copy in the Department of Health. The St. John's Hospital Council were asked this morning to send us along an extra copy. If it arrives today, I will ask leave of the House. If I receive leave, I will table it today or have it tabled. If I do not receive leave, Mr. Speaker, then I will table it next week.

Mr. Speaker: The hon. the Minister of Employment and Labour Relations.

Ms Cowan: Thank you, Mr. Speaker. The hon. Member for Harbour Main asked me a few days ago if I would table the letter I had received from the Workers' Compensation Commission. My

answer this morning is no, I will not table it. And I have a further question to ask. I think if the hon. the Member for Harbour Main -

Mr. Rideout: Mr. Speaker, isn't this out of order?

Ms Cowan: - would do the hon. thing, he would stand up and say where he got that correspondence.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please!

This particular Standing Order is to provide Ministers to give answers. Obviously it is not a procedure for asking questions of Members on the opposite side.

Mr. Doyle: We ask the questions over here. (inaudible).

Mr. Speaker: Order, please!  
Order, please!

### Orders of the Day

Mr. Baker: Order 2, Mr. Speaker.

On motion, a Bill, "An Act Respecting A Pension Plan For Certain Employees In The Province," read a third time, ordered passed and its title be as on the Order Paper. (Bill No. 14).

Some Hon. Members: Oh, oh!

Mr. Speaker: I remind hon. Members again, and I have done this a couple of times this morning, that when the Chair is speaking there should be absolute silence in the House.

Mr. Baker: Order, 3, Mr. Speaker.

On motion the following Bills were read a third time, ordered passed and their titles be as on the Order Paper.

A Bill, "An Act To Amend The Education (Teachers' Pensions) Act". (Bill No. 5).

A Bill, "An Act To Amend The Judicature Act, 1986". (Bill No. 8).

A Bill, "An Act Respecting Enduring Powers Of Attorney". (Bill No. 40).

A Bill, "An Act To Amend The Small Claims Act". (Bill No. 41).

Mr. Baker: Motion 1, Mr. Speaker.

Mr. Speaker: It is moved and seconded that the House resolve itself into a Committee of the Whole to consider Certain Resolutions relating to the Imposition of a Tax on Employers for the purpose of funding Health Care and Post-Secondary Education. (Bill No. 28). The motion is that I do now leave the Chair.

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

### Committee of the Whole

Mr. Chairman: Order, please!

#### Resolution

That it is expedient to bring in a Measure to Impose a Tax on Employers for the purpose of Funding Health and Post-Secondary Education.

Mr. Chairman: Shall the resolution carry?

Some Hon. Members: Carried.

Mr. Chairman: Shall clause 1 carry?

The hon. the Member for Mount Pearl.

Mr. Windsor: Mr. Chairman, is the Minister not going to introduce his Bill?

Mr. Chairman: Order, please!

The hon. the Minister of Finance.

Mr. Windsor: I will gladly start, Mr. Chairman, but it is most unusual that on a Finance Bill of this magnitude the Minister would not have the courage to get up and introduce it. I will defer to the Minister, Mr. Chairman.

Mr. Chairman: Order, please!

The hon. the Minister of Finance.

Dr. Kitchen: It gives me great pleasure to introduce this Bill, "An Act To Impose A Tax On Employers For The Purpose Of Funding Health And Post-Secondary Education."

As you know, Mr. Chairman, Members of the House will know that it was not our intention to raise taxes this year, but when the Federal Government in its budget revealed that it was going to cut established programs, financing for health and post-secondary education, by the amount of about \$20 million, we had no alternative but to find the means of raising revenues.

We looked very carefully at the options available to us and found

that the option that was least undesirable -- every tax is undesirable from the point of view that we hate to have to raise taxes, but the alternative of going in the hole or cutting expenditures is often worse. So we searched around for the best possible means of raising this money, and we settled on the health and post-secondary education tax. This 1.5 per cent tax on payrolls of about \$300,000 for all establishments, including Government institutions, is one of wide application.

We have given zero rating to three industries, the primary and secondary processing industries, the fishery, forestry and agriculture. I might say that a similar tax is imposed in three other Canadian Provinces that rates higher than those in Newfoundland, namely, Quebec, Ontario and Manitoba.

The Bill has a number of provisions in it, and there are provisions to establish regulations, as well. I think, Mr. Chairman, I will conclude my remarks and allow hon. Members opposite to make comments. If there are questions, I might be able to answer to them.

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

Mr. Chairman, I find it incredible that, first of all, the Minister was not even going to rise in his place to address this particular piece of legislation.

An Hon. Member: Where are your colleagues?

Mr. Windsor: He did not stand very long. My colleagues are out preparing their arguments for this

lengthy debate, saving themselves. Hon. gentlemen opposite need not think that this piece of legislation is going to slide through this morning. Far from it. Or next week, for that matter.

Mr. Chairman, it is incredible that the Minister would not have any more to say about this particular piece of legislation than he just did. The House will recall that subsequent to the Ministers Budget Speech there was a tremendous amount of debate in this Chamber, and outside, in relation to this particular tax.

The Minister calls it a health and education tax, and it is the greatest misnomer of any piece of legislation ever introduced in this House of Assembly. It has absolutely nothing to do with health and education. Absolutely nothing! The Minister tries to say, and he tried to say a again a moment ago in his introduction, that he was forced to introduce this tax because of cutbacks in federal spending. Mr. Chairman, that is incredibly misleading.

The Minister knows full well the Government of Newfoundland and Labrador is this year receiving an additional \$42 million more than Government received last year from the Government of Canada, and that, Mr Chairman, after receiving a windfall late in the year of \$25 million more than they had anticipated through equalization payments, through a readjustment. So, Mr. Chairman, you could say that \$67 million more is budgeted this year than was anticipated last year.

The Minister would try to say that he is imposing this tax to make up for lost federal revenues. Now,

Mr. Chairman, that is deceitful in the extreme; trying to deceive the people of this Province into believing that this money is being assessed because of cutbacks in federal transfers, and that it will be dedicated to Health and Education. Indeed, it is not dedicated to Health and Education, it goes into general revenue. What is worse, Mr. Chairman, we pointed out sometime ago in debate that the Minister did not know, indeed, what he was doing when he imposed this tax. He had no concept whatsoever of the implications of this tax or whom it would affect: what groups, what organizations or associations, what individuals it would affect. He did not know, Mr. Chairman, that it was going to impact, in fact, on Government Departments themselves, that everybody had to be assessed.

He has estimated that he will raise \$15 million this year and \$25 million next year. Now, Mr. Chairman, we questioned that and I think we were right; the Minister did not realize that he had to tax all Crown agencies and all non-profit organizations in order to raise \$25 million a year, and \$15 million this year. That is why they were not able to answer questions. And this is what is so amazing, that to all the questions that have been asked in this House the Minister said, 'I will let you know in good time. We are working on it. We are putting it together.'

He introduces his Bill this morning in Committee, which is the opportunity for the Minister to give details of the specifics of his legislation, and he gives us none, none, whatsoever. He has yet to answer any of the questions that were posed in this hon. House

during the Budget Debate and in Question Period. Day after day after day we questioned the Minister and he has given us no answers. Not only that, Mr. Chairman, I think before I go any further I should mention - I was about to say a discourtesy but it is worse than that, it is an absolute disgrace that less than a half hour ago this particular piece of legislation was circulated in the House of Assembly. Now this is a major tax measure. As I just said, the Minister has refused to answer any questions, to give any details on it, because he was unable to, I would submit. He was unable to give those answers because he did not know, nor did his officials know. Calls were made to his Department to try to get information, and consistently we were told we do not really know yet, we have not decided, we are working on it now.

The Minister brings in and asks to have this piece of legislation debated today, in less than a half hour, or maybe slightly over a half hour from the time it was circulated in the House of Assembly.

Now having said all of that, Mr. Chairman, it really does not make a great deal of difference, because there is very little information in this legislation, very little. Basically, it says that everybody is taxable. The Minister is nodding his head, so he is confirming that everybody is taxable. It provides some exemptions for the renewable resource industries: the fishing industry, the forest industry, and the agricultural industry. We are assuming from this that all persons engaged in those industries, even though they know

they are not taxable, they must file returns and must register as employers.

I would ask the Minister this question now. He had better start writing down his questions if he would, because we would like to have answers to this. I am assuming that anybody employing fishermen or farmers, or anybody in the logging industry or the forest industry, must register as employers, must keep a set of accounts, must file those documents with the Department, and must claim an exemption on the basis that they are a renewable based industry. Mr. Chairman, what bureaucracy? Just look at the paperwork that is going to create for thousands of small businesspeople in this Province engaged in those industries, and a couple of large ones.

Is the Minister saying to us that Corner Brook Pulp and Paper and Abitibi-Price must do all of this documentation? Is that what the Minister is saying, that they must do all that and submit all that paperwork? Does the Minister want to say something?

An Hon. Member: It is very simple documentation.

Mr. Windsor: It is very simple documentation. For the thousands of employees those companies have, it is simple?

An Hon. Member: (Inaudible).

Mr. Windsor: It is very simple. How about the documentation Government Departments are going to have to make, Mr. Chairman? We are led to believe that there will be a mechanism. The Minister did not tell us when he stood in his place what the mechanism is

now going to be for Government Departments, so I ask the Minister again if he would rise in his place and tell us, what mechanism is Government now putting in place to fund the various Departments of Government who, the Minister says, are taxable and must submit a return, but they will receive some compensation? I ask the Minister how they will receive that compensation and where is that compensation coming from in the Minister's Budget? Or is the Minister going to bring in a Special Warrant to cover that? No. He shakes his head. He is not going to bring in a Special Warrant. I remind the Minister that when I asked the same question a couple of months ago during debate he said, yes, I will bring in a Special Warrant. Now he says no. I ask the Minister very clearly if he would tell us, when he rises in his place, how he is going to put that funding into Departments to compensate them for what they will have to pay out by way of payroll tax? Where is that money coming from? How is that going to be identified in the Budget? How will it be accounted for? This is going to be an interesting exercise, Mr. Chairman.

Renewable resource-based industries: I assume the Minister does not consider tourism a renewable resource. That does not surprise me, because the Minister considers tourism a seasonal industry. He said that in this House. He contradicted himself in his Budget Speech, because he found out, after one year in office, that the tourism industry is a tremendous contributor to the economy of this Province, and to the revenues of this Government. As an employer in this Province it is third in line, and probably with more potential than any other

industry to grow, if the policies of this Government were such that they supported the tourism industry. The Minister has indicated it is a seasonal industry. He does not consider it a resource-based industry. I say to the Minister that the tourism industry is not only resourced based, but one of our prime industries. It is an industry. We do not produce a product that you ship to market. It is unique, Mr. Chairman. We do not ship the product to market, we bring the market to the product. Consider that for a moment. We bring tourists to this Province to take advantage of our tourism product. We cannot ship it out, but it is very much a marketable product. We bring the mountain to Mohammed, and there is tremendous potential for that.

Mr. Chairman, this payroll tax is going to have very serious implications for many businesses and many industries. The Minister tries to say that the first \$300,000 is deductible, \$125,000 this year prorated. That is an interesting point there. My colleague, the Member for Humber Valley, and I were just discussing it. A \$125,000 deduction this year on salaries paid from August 1 to the end of the year, I believe that is, and that is straight proration. How about an industry or a business that only does business in the fall of the year, a seasonal industry, and I am sure there are some? Hunting lodges, for example, big game hunting lodges are seasonal and they do their business in the fall of the year. They may pay out a total of \$150,000, \$200,000, \$300,000 or \$500,000, all during that period. Now, that is their total annual cash flow, and they can only deduct for this year

\$125,000, not \$300,000, which they will be able to do next year. This only occurs for this first year. It only occurs for one year, but any business such as that only operates in the fall. Maybe there are seasonal fishing operations, I guess, and their fishing operations are exempt. The hunting operation is resource based, a renewable resource, and they are not exempt at all. They operate just in the fall and they are going to have to pay tax on anything over and above \$125 thousand. Now next year that same operation, Mr. Chairman, operating for the same period of time, the same period of the year flowing through the same amount of cash, they will then be able to deduct \$300 thousand next year because it is considered on an annual basis. Next year will be for the whole twelve month period.

So, there may well be exemptions such as that and others, Mr. Chairman. And I ask the Minister this, if there are legitimate claims will he review those, and is there a mechanism that we could put an amendment into that section of this Bill that gives the Minister the authority to adjust that deduction for that first year period? Now I would be quite content if the Minister had the authority to judge each case, Mr. Chairman, and say yes, this is unusual. You only operate in the fall -

An Hon. Member: (Inaudible).

Mr. Windsor: Well, I am even foolhardy enough this morning, Mr. Chairman to allow the Minister to have the authority, on the advice of his officials.

An Hon. Member: You are being very generous.



Mr. Windsor: I am being very generous. I don't know why. If they would look at particular cases, which would be hardship cases because if, in fact, all the revenue that company has gained during that period of the year when the tax rate is indeed not 1.5 per cent, it is something like 4.5 per cent, 5 per cent, the effective tax rate, because the deduction is so much less. It may be more than that. In fact, it may be that the company normally would not pay any tax. It probably has a payroll of less than \$300 thousand, but because it is all in that period and because for this year they can only deduct \$125 thousand, a company may have to pay tax this year and only this year, and next year and subsequent years they would not have to.

So, I think that is a reasonable thing for the Minister to look at, Mr. Chairman, and I would suggest that perhaps a minor amendment needs to be made here to that particular clause that allows the Minister to deal with that.

Now, Mr. Chairman, I have to confess that I have not had time to go through most of this Bill. There is very little in it other than the definitions and who it is imposed on. The rest of it appears to be standard finance legislation dealing with the collection of taxes. Can the Minister tell me if there is anything different in the mechanisms here for collecting tax than for any of the other taxes, as it relates to the ability to perform, to impose leans on people? There are all kinds of power. Investigations, power to search and seize, all of these things.

One point that I did notice here,

Mr. Chairman, before he is liable, regardless of whether the employer has been prosecuted or convicted under a provision of this Act or the regulations to a penalty to be assessed by the Minister, not exceeding 50 per cent of the amount of the tax evaded or sought to be evaded. Now that one I have just been glancing through in the few minutes that I have had available to look at these sorts of details. This appears to me, Mr. Chairman, that the Minister or some official designated by the Minister, has the authority to impose a penalty not exceeding 50 per cent of the amount of the tax, and it could be quite significant.

If the Minister or his officials feel somebody has been evading them then they can impose a 50 per cent fine. No right to trial or to defend oneself. Just unilaterally, arbitrarily the Minister can decide. Mr. Chairman, we will have more time to deal with these details, because this debate is not going to end today, we will have time to dig into this and to compare this with other legislation, but that seems to be very heavy handed. Maybe the Minister will take note of that, it is Section 33, Offense and Penalties.

And Section 36, a penalty not less than \$200, not more than \$10,000 - we are talking fines of \$10,000?

An Hon. Member: (Inaudible)..

Mr. Windsor: It is a lot of cash, the Minister of Environment says. He is quite right. It is a lot of cash. But to a jail term of not more than six months, for a person guilty of an offense. And I assume the wording 'guilty of an offense' means that one has been tried and convicted and found

guilty. Let me assume that does not fall into the same category of the Minister having the authority to decide.

An Hon. Member: (Inaudible).

Mr. Windsor: A conviction in a court.

The second event says \$500 to \$10,000; six months in jail or both. The third offense is \$1,000 minimum, not more than \$10,000 for a term not less than two weeks or more than six months or for both. So there are very substantial penalties involved in this, Mr. Chairman. I assume those are a result of legal action. The one that bothers me is that the Minister and his officials have the authority under Section 33, to impose a fine of 10 per cent.

An Hon. Member: Fifty per cent.

Mr. Windsor: Fifty per cent.

Now a 50 per cent fine imposed on some payrolls, Mr. Chairman, can be quite significant. Now where is right? I mean this appears to me guilty until proven innocent. The Minister can impose a fine of 50 per cent, it will sit on the books and will start accruing interest. I did notice there that the Minister can set interest rates from time to time. It does not say the prevailing interest rate. It does not say prime plus 1 per cent or 2 per cent or anything of that nature. It says the Minister may set increase rates. He could set an interest rate of 20 per cent, he could set an increase rate of 50 per cent or 100 per cent if he chooses. So if the Minister decides that I think this person tried to evade this tax or this company tried to evade this tax, he can say we will tax him an

additional 50 per cent or we will penalize him an additional 50 per cent and we will start tacking interest on that.

Now you can imagine, Mr. Chairman, the process that will have to be gone through for that company to go to court, by the time you go through the legal process there would be a tremendous amount of interest built up. I assume that interest will be waived then, if that person is found innocent. But if not, by the time that person is judged, if that person feels they are not guilty, by the time that person is judged by the court to be, in fact, guilty of the offence the fine is no longer 50 per cent, it could be 150 per cent, depending on the rate of interest that the Minister imposed and the length of time, and we all know how long it takes to get something through the courts in this Province. So, Mr. Chairman, these are serious things that need to be considered.

Now, Mr. Chairman, there are a number of questions that we have asked about the payroll tax. The first thing obviously that it does to private corporations is very, very clearly put those corporations at a disadvantage with competing corporations from outside the Province, from wherever in the world. But I think our main concern, Mr. Chairman, really should be our closest competitors, the Maritime Provinces of Canada. Because in many, many cases corporations choosing to establish in Eastern Canada will have to judge and to choose between, for example, St. John's or Halifax. Let us put something in real terms, let us talk about the company that is proposing to move in here and take advantage of the Hibernia

development, let us assume that once the Premier gets his head straight on Meech Lake and we get an agreement, that Hibernia will then move ahead. Let us assume that is going to happen and that a lot of economic activity will ensue.

Those companies, as we saw in the past, can operate equally well from St. John's or Halifax, particularly when I say, Mr. Chairman, that this Government seems to have softened the provincial preference policy and the position that the former Administration took in relation to doing business, particularly in the oil and gas industry, in Newfoundland and Labrador. They seem to be making it easier for companies to operate out of Halifax. Many companies can do that, and if you were trying to decide, and you were looking at the economics of the two locations, the 1.5 per cent payroll tax, Mr. Chairman, would make a big difference, particularly if you are labour-oriented. If yours is a labour-intensive sort of company, then it would make a big difference.

I am not about to suggest that the large contractors which are capital-intensive, dealing with the major contracts - the 1.5 per cent payroll will make a difference, no question about it - but I do not suggest for a moment that that will stop them from establishing in Newfoundland. I hope not. But, if they are trying to find reasons to establish elsewhere, it certainly gives them another very valid argument that they can make.

Mr. Chairman, how about the company that is traditionally

operating in both jurisdictions? How about a trucking company, trucking goods from Nova Scotia to Newfoundland? Now, that is considered two companies, one established in Halifax, sending trucks here and hauling fish to Nova Scotia and vice versa, the other established in St. John's doing the same thing. They are competing side by side, same operation, most of their costs are similar. They have the advantage of cheaper fuel in Nova Scotia.

An Hon. Member: (Inaudible).

Mr. Windsor: Mr. Chairman, my understanding is that I have an hour in leading off this debate.

An Hon. Member: (Inaudible).

Mr. Windsor: Not five minutes left. I have spoken for twenty-three minutes and fifty-one seconds at this point in time.

Mr. Chairman: The hon. Member can continue. The Chair will check and see what time is left.

Mr. Windsor: Yes. I understand, though, that leading off this debate, I have an hour and all other hon. Members have thirty minutes.

An Hon. Member: (Inaudible).

Mr. Windsor: In Committee, on second reading.

The lead speaker, the Premier and the Leader of the Opposition have an hour and all other Members have thirty minutes. The Minister of Development is confirming that. The Table will confirm it.

Now, Mr. Chairman, consider those two companies, working side by side, doing exactly the same

thing. The Nova Scotia company -

An Hon. Member: (Inaudible).

Mr. Windsor: I know the hon. Member's opposite will give me leave for three or four days, they enjoy me speaking so much.

Mr. Chairman, the company operating in Nova Scotia has a number of advantages, cost of living, first of all, the cost of doing business in Nova Scotia is somewhat less than in Newfoundland; the cost of fuel in Nova Scotia is somewhat less than in Newfoundland. So, those two factors make it more attractive for them, anyway.

Now, this Government is giving them an additional 1.5 per cent on their payroll, as an incentive.

An Hon. Member: (Inaudible).

Mr. Windsor: How can the Minister of Finance say no? How can he say no, when we are debating a Bill that imposes a 1.5 per cent tax on payroll? How can he shake his head and say 'no', Mr. Chairman?

Dr. Kitchen: (Inaudible).

Mr. Windsor: Are they? Is the Minister suggesting, Mr. Chairman, that out-of-province companies will pay this payroll tax? How does the Minister propose to get his hands on their books? How does he propose to determine what percentage of their time is spent operating in Newfoundland and what percentage outside?

Dr. Kitchen: (Inaudible).

Mr. Windsor: You will do it. Well, Mr. Chairman, if the Minister can do it, I congratulate him, and then we should have him

committed, because it will cost him more to collect that tax than he is going to get from it. What nonsense, Mr. Chairman, to suggest that you can get that information. I mean, the structure - another point we will get into - the structure that is going to be required to collect this tax is incredible. The Minister need not shake his head, Mr. Chairman. It is clear that the Minister has been trying to tell this House that the mechanisms that are in place are sufficient. Well, Mr. Chairman, his officials are saying differently. Anybody who knows anything about tax collection knows differently. The Minister is only fooling himself. He is not fooling anybody else to suggest that this is not going to cost millions of dollars, and dozens if not hundreds of employees to administer. Wait until we get into the appeals on it, Mr. Chairman, and court cases on this and costs from the Department of Finance and Department of Justice officials in trying to defend some of the impositions under this tax. Then we will see, Mr. Chairman, how much it costs to collect this tax.

The appeals from the non-profit agencies, the Minister has not yet told us, in fact he has indicated to us that churches and non-profit institutions will be taxable. They will be taxable. Now, there is a section in this that says something about them. The only thing that I have found so far, if the Minister can point out something different I would be delighted to see it - Section 3 (8) "Notwithstanding subsection (1), an employer that is a local authority is not required to pay tax prior to January 1, 1991." The Minister had to back down on that one, Mr. Chairman. We pointed

out to them that municipalities who have to pay taxes, the Minister of Municipal and Provincial Affairs is aware of this, I trust, that municipalities now will pay taxes, 1.5 per cent of their payroll over \$300,000, of course. But the Minister had to back down and say well, the budgets have already been approved by the Minister of Municipal and Provincial Affairs, when we pointed that out to him so, so we can hardly impose taxes on them this year. Very significant - \$250,000 from the City of St. John's, I believe, a large amount of money.

Section 3(8) says: "Notwithstanding another provision of this Act, where an employer is (a) a registered charity or registered non-profit organization for the purposes of the Income Tax Act (Canada), or (b) considered by the Minister to be a private sector non-profit organization, the remuneration paid to employees at each establishment shall be deemed to be paid by a separate person for the purposes of calculating tax."

In other words, the Minister is saying a national organization like the Canadian Red Cross will pay tax as if that tax were paid locally. If employees of the Canadian Red Cross are paid by head office, which some of them are I understand, and the question had been raised in the House during debate, we asked the question, what is stopping those corporations from paying all of their people from head office in Toronto or wherever the head office of Canadian Red Cross is. So the Minister is making it clear here that the tax should be calculated as if those people were paid in the St. John's office of

the Canadian Red Cross.

Is that what the Minister is saying?

An Hon. Member: (Inaudible).

Mr. Windsor: No. Churches, yes, okay. The Minister is making provision there for churches. It seems that he made us aware of that sometime ago. Churches will not be considered as the Anglican Church of Newfoundland they will be considered parish by parish and, therefore, the payroll may be done. That is a way of getting around it. We will deal with that.

How about any national employees of the church here? If the national organization has a payroll of more than \$300,000 are those employees exempted too, because there is only one or two employees at the provincial office here?

They are exempted, the Minister of Development says. Tell the Minister of Finance because he does not know that.

An Hon. Member: (Inaudible).

Mr. Windsor: Ah, okay he is speaking to somebody else.

Will the Minister tell us then, how school boards now are going to be funded? The Minister has told us there will be no impact on school boards as a result of this, because teachers are being paid by the Province and the Minister is going to somehow put more money into the Department of Education to pay payroll tax on teachers, he has told us.

How about the School Tax Authorities, and the school board employees themselves? The

Minister has told us they would be taxable. But he said it is only probably one board or two boards in the St. John's area that would have a payroll large enough for that. In checking, Mr. Chairman, we find that virtually every board in this Province has a payroll that will be subject to payroll tax, because they have a payroll of more than \$300,000, virtually every board, there may be one or two. Maybe a board on the Labrador coast, I would think, with a small number of employees. I do not know.

An Hon. Member: (Inaudible).

Mr. Windsor: The Labrador East Board will have to pay taxes, Mr. Chairman.

Mr. Warren: The Labrador Inuit Association will have to pay tax.

Mr. Windsor: The Labrador Inuit Association, that is interesting.

All of these groups, Mr. Chairman, are going to have to pay taxes. The Minister says it will have no impact on education or on the boards.

I think we estimated this will cost Memorial University \$1.6 million. Has the Minister yet made a decision on how that \$1.6 million will be given back to the university? Does the Minister know? He says he does. So will the Minister tell us that when he gets to his feet? He may not. Mr. Chairman, we will ask it again and again. There are eighteen or nineteen of us over here and we will keep asking it until we get an answer. We want to know where that \$1.6 million is going to come from. Where will the Minister find it in his Budget? Will he take it from other educational

programs? The \$1.6 million is the amount which has been calculated that Memorial University will have to pay on their payroll. They have a tremendous payroll. Universities and educational institutions are labour intensive, more labour intensive than any other employer, probably.

The University has estimated that they are liable for \$1.6 million under this payroll tax, and that is a fair chunk of money to Memorial University, and to anyone. Since the Minister of Finance has told the House that these institutions will be protected from that, somehow, I am asking him now, very simply, where is it coming from? What mechanism is he going to use to get that money into the hands of the University? Is this a special grant to the University? Is he going to revise the budget allocation that has been approved by this House? He can do that. Where does he get the money? A Special Warrant of \$1.6 million? What foolishness we are into here, Mr. Chairman. Bring in a Special Warrant, make a special grant to the University so they can pay it back to the Department of Finance. What are we trying to accomplish? Has the table yet determined that I have an hour to speak?

Mr. Speaker: Yes.

Mr. Windsor: Thank you.

I have twenty-six minutes and thirty-one seconds left, twenty-six minutes longer than the hon. gentleman would like to hear this stuff.

An Hon. Member: The Minister is writing down all your questions.

Mr. Windsor: Yes, I can see him writing down all my questions. Maybe that is why he is making those silly faces, they are hurting him so much as he writes them down, grimacing. He realizes that he does not know the answers, that is his problem, and he is saying, what am I going to say? He has two officials in the gallery, two very capable officials who are listening to every word, trying to get the answers ready for him. They will come up with something because I have confidence in both of them. I have worked with them long enough to know they are very capable individuals, but I suspect they are in a difficult position now, because they know what I am saying is right. They are coming to take you away, ho, ho. They are coming for the Minister, after hearing his Ministerial Statement this morning, and the introduction to this Bill, they are coming to take him away.

Mr. Chairman, the Minister has not yet told us how he is trying to replace revenues being paid up by hospital boards. How does he propose to do that, Mr Chairman? What mechanism are we into? This legislation does not tell us, nor would I expect it to, it is enabling legislation. The Minister, I think, owes it to the House, Mr. Chairman: these questions have been asked often enough and long enough. In the Minister's introduction he owed it to this House to answer these very basic, straightforward, simple questions, that are being asked, Mr. Chairman, not only by us, we are just speaking on behalf of these institutions who are asking these questions. Where are they going to find that money? Where is Memorial going to find \$1.6 million, and how is the Minister

going to get it to them, or loan it to them? The records show the Member for St. John's South wants to loan it to them, but how are they suppose to pay it back? Raise tuition? No, they are not going to raise tuition. Maybe the Ministers are going to will their car allowances to the universities so they can pay it back.

Mr. Efford: (Inaudible) say nothing this morning.

Mr. Windsor: We will get you on your feet. You have all afternoon to speak, do not worry.

Mr. Efford: Oh, I do not mind that.

Mr. Windsor: And all night and all day tomorrow.

An Hon. Member: We want to get out of here at 12:00 o'clock.

Mr. Windsor: Mr. Chairman, is the Minister determined -

Some Hon. Members: Oh, oh!

Mr. Chairman: Order, please!

Mr. Windsor: Thank you, Mr. Chairman.

Mr. Chairman, has the Minister yet determined the impact of this tax on the cost of housing in this Province? The construction of housing is a major employer in this Province. It is fairly labour intensive. It is also essential. Has the Minister yet determined the cost of this, taking into account not only the payroll tax on carpenters and plumbers and electricians who build a home, pipefitters and people working on the concrete and all the rest of it, those who are installing carpet and doing

painting and wallpapering, all of that labour? How about the payroll tax that will be paid out by suppliers of materials, the building supply companies, and the equipment companies and the mechanical and electrical suppliers? Has the Minister yet determined what that is going to cost?

Mr. Chairman, we had a number, I do not have it in front of me now, the additional cost to Newfoundland and Labrador Hydro and Newfoundland Light and Power in their payroll. That will reflect on electricity rates in this Province, and that is on top of the \$10 million guarantee fee the Minister has imposed, and on top of the \$30 million PDD subsidy this Government has eliminated. On top of those \$40 million, Government is now imposing a 1.5 per cent fee on all labour involved in the supply and distribution of energy in this Province.

Mr. Chairman, I think it is time the Minister came clean with this House and gave us the figures of exactly how much that will impact on electricity rates in this Province. Very clearly it will, in fact, impact. On those energy intensive industries that are both here now and that we would have liked to attract, the Minister is making it very difficult.

Mr. Chairman, the Minister says there is an exemption -

Some Hon. Members: Oh, oh!

Mr. Windsor: Mr. Chairman, could you stifle some of the hon. Members opposite? It is getting very difficult to speak here when they are carrying on about ten different conversations back and

forth.

Mr. Speaker: Order, please!

Mr. Windsor: I am saying something. Hon. Members opposite may not like it; they are a little reluctant to deal with the truth. They may not like it, Mr. Chairman, but it is there. Perhaps if they listened for a change they would learn something.

Mr. Chairman, how about other industries now that are going to be at disadvantages? Marystown Shipyard, for example. Marystown Shipyard is having a very difficult time - one of the lowest levels of employment in the Marystown Shipyard in a number of years.

Mr. Efford: Why? Because of the payroll tax?

Mr. Windsor: Because of a whole number of factors. Because of the state of the economy as a result of the incompetence of this Government, to start out.

Mr. Efford: Because of the state of the economy as a result of seventeen years of mismanagement.

Mr. Windsor: Is that right? The hon. gentlemen cannot hide their heads in the sand on that, Mr. Chairman. The economy is dictated by the policies in place, of Governments of the day, to a very large degree. If the hon. gentleman would like to have a look at the Budget documents he will see that the economy was heading in the right direction prior to this Government taking power.

Anyway, Mr. Chairman, I am not going to waste time dealing with



the Minister of Social Services. He makes no meaningful comments anyway. I am asking about Marystown Shipyard, the impact now of this particular tax on their competitive position, and they are competing with yards in Nova Scotia and New Brunswick who do not have this 1.5 per cent, and yards all around the world. It has been very difficult anyway, Mr. Chairman.

Mr. Efford: (Inaudible) federal contracts from the Federal Government (inaudible).

Mr. Windsor: Mr. Chairman, will you silence the Minister of Social Services?

An Hon. Member: Tell him to go kiss a pig.

Mr. Windsor: It is very difficult to compete internationally, Mr. Chairman, at any rate, and now they have another 1.5 per cent disadvantage.

Mr. Efford: (Inaudible).

Mr. Windsor: I hope the Minister of Social Services has a great deal to say about this tax when I sit down, Mr. Chairman. I will be delighted to hear some of his legitimate comments, not his babbling.

An Hon. Member: (Inaudible).

Mr. Windsor: We will be here until 6:15 this evening, the hon. gentleman need not worry about that. We had you here last weekend and we will have you here again. Mr. Chairman, this tax is styled as a Health and Education tax.

Mr. Decker: You said that before.

Mr. Windsor: I said that.

Mr. Decker: Do you want to say it again?

Mr. Windsor: Keep listening, the Minister of Health, keep listening.

Mr. Decker: I am.

Mr. Windsor: That is good. It is styled as a Health and Education tax, yet very clearly it is taxing educational institutions, probably more than most other institutions.

An Hon. Member: There is no need to tax educational institutions.

Mr. Windsor: None whatsoever. Is the hon. Minister of Education now going to give a grant to the school boards to cover the tax paid? No, he is not.

Dr. Warren: (Inaudible) not impact on school boards.

Mr. Windsor: Oh!

An Hon. Member: He has said it over and over and over.

Mr. Windsor: He said there is no impact because teachers are paid by Government. The Minister of Education should listen for a moment now, because maybe he does not know. And if he does not know, then I am sure he will be concerned. The Minister of Finance has said that school boards will pay payroll tax on their own salaries to their employees.

Mr. Efford: If you imagine that (inaudible).

Mr. Windsor: Let the Minister of Finance tell us how he is going to do it.

An Hon. Member: He told you, boy. Listen to the man. He has already told you a dozen times.

Mr. Windsor: He has not told us. He has consistently refused to answer questions in this House because he either does not know or is too incompetent to know. No, he is not as incompetent as the Minister of Social Services. I will not say that about him. As bad as he is, he is not that incompetent.

Mr. Efford: That is even worse. You can't be a nice fellow.

Mr. Windsor: Not to you, to those who deserve it. When I hear this incompetent babbling from the Minister of Social Services, then it brings out the worst in me.

Mr. Efford: Who helped put you over there?

Mr. Windsor: And I am going to help bring you back, you need not worry about that. And it will not be long now. If your Premier does not get his head straightened out up in Ottawa it will not be long now, because the people are going to turf you out of here, the whole crowd of you.

Mr. Chairman, the Minister of Education should really question it, because I think he is sincere. I think he honestly believes that it is revenue neutral.

An Hon. Member: (Inaudible).

Mr. Windsor: Well, then, how does the Minister explain the fact that the Minister of Finance stood in this House and told us that school boards will have to pay payroll tax on their own payrolls?

Dr. Warren: He told you (inaudible).

Mr. Windsor: He did not tell us that. Maybe the Minister of Education should go and find out from his colleague, because he will not tell us.

An Hon. Member: He has gone now. He has gone to ask questions.

Mr. Windsor: They are both gone now. They are on scramble now to find out what is going on out there again. Chris, come down and tell them, boy. They do not know.

An Hon. Member: Tell them what?

Mr. Windsor: Tell them how it is going to be handled. They have refused to tell us. This tax is styled as a Health and Education tax; it taxes educational institutions and taxes health care institutions.

Now, Mr. Chairman, we have had several opportunities this morning to talk about the economy of this Province. This tax is very important as it relates to the economy of the Province, because the economy is dictated by a number of factors, not the least of which is the level of taxation imposed, and there are various methods used in different provinces and in different countries and under different schemes of Government. What one looks at, as we saw in a recent bond issue, and as the Minister stated in his statement this morning - that part of it was accurate. It is here somewhere. He talked about the factors that determine the borrowing power of a Government: economic performance, economic expectations, recent budgets, financial performance, borrowings, debt position, value

of the Canadian dollar, interest rates in Canada, size of the deficits, and so forth, and, obviously, all that ties into the overall tax system that is in place.

Any investor in this Province is going to look at the overall incidents of taxation that is imposed. He is going to look over a lot of factors: He is going to look at the level of personal income tax, which is the highest in Canada; corporate income tax, which I believe is still the highest in Canada; he is going to look at the payroll tax; he is going to look at municipal taxes; he is going to look at the whole range of taxation he has to deal with if he is to establish in this Province. So, Mr. Chairman, any investor who looks at the course this Government has set over the past two years -

An Hon. Member: One year.

Mr. Windsor: Two years.

Mr. Matthews: Two Budgets.

Mr. Windsor: Yes, unfortunately, you have been here two years and it seems like a hundred years - two Budgets. Mr. Chairman, when you look at those two Budgets and you examine the fiscal policies of this Government, and you see the sorts of taxation measures that are being imposed, you would have to be concerned, concerned because last year's Budget was reasonably straightforward, and it was reasonably honest. The Minister, last year, identified in his Budget the taxes that were being imposed. He came forward with it. He was up front, and he said I am imposing measures. This year he tried to hide them.

Mr. Baker: Tell us about (inaudible).

Mr. Windsor: All the President of Treasury Board has to do is look at my Budget, in 1988.

Some Hon. Members: Oh, oh!

Mr. Windsor: Oh, Mr. Chairman! The Minister will find out what I will do now, when we get back over there again. It will not be very long. I can use the Minister's words, Mr. Chairman. When we were on that side and we said to the Opposition of the day what would you guys do? Ah, you are the Government. It is your job.

Mr. Efford: We told you what to do.

An Hon. Member: (Inaudible) shut down the Grace Hospital.

Mr. Windsor: He did not tell us. He consistently refused to come up with any alternatives. This Opposition has consistently laid down alternatives for a whole range of policies, consistently given forward to the people of the Province an alternative to the programs and policies of this Government. Consistently.

I am not going to go into detail, but I will say to the President of Treasury Board that I will not bring in these policies that are disincentive to industry and business. That is not the way to strengthen the economy, that only makes it worse. We have businesses out there today that are straving. And you think it is only 1.5 per cent. There are a lot of small companies out there today that this can have an impact on.

I spoke with one last week. I

tabled details in this House. I do not know where my notes are on that now, I may have tabled them. I had a letter here from a small businessperson who had written the Minister of Finance - I tabled it here during a Question Period a couple of months ago - about the implications of the tax on him.

I spoke with one businessperson last week with a small farm here in this Province, a business that is fairly labour intensive. The tax on that company next year will be in the order of \$50,000. That is a lot of money. That is a lot of money on a small company, when they are starving to death now.

The Chair says I have five minutes. I have seven minutes and twelve seconds, because I set my stopwatch when I stood up.

An Hon. Member: He is arguing with the Chair now.

Mr. Windsor: I will not argue with the Chair. Five minutes will be fine.

Mr. Chairman, that company, which will have to pay out \$50,000, is very clearly going to be negatively impacted. In fact, where do they find it? Where do they find that \$50,000? It is not there for them to pay out; it is not in their profits; they do not have the profits to sustain it. So they have no choice but to lay off people. They have to lay off two people and try to do the same amount of work with two less people.

That is the impact of this particular tax. It is going to cost jobs in this Province. There will be some examples like that, where there will be layoffs; there will be far more examples where

additional hirings will not be possible.

We have a program here, through the Department of Labour, to try to assist people to hire additional staff, I think it is a 50 per cent subsidy on salary in the first year. Government changed that, too. We have a program of trying to do that, to assist somebody to pick up an extra staff person, and, at the same time, we are imposing a tax which will cause them to lay off a staff person. The policies are counterproductive, very clearly counterproductive.

Mr. Chairman, this tax will be seen as a tax which is one of the greatest deterrents to establishing business and industry in this Province. It will be a very significant factor in increasing the number of bankruptcies that are growing day by day. All you have to do is go talk to the business community. Go talk to the business community and see what is happening out there; see how many of them are struggling; see how many of them are having problems paying their bills. They are having problems paying their bills because others are not paying their bills because they are struggling. Day by day there are companies going into bankruptcy in this Province.

And this will amount to another \$50,000, in that example, on that small company. It may well mean the death of that company. Certainly, as a minimum, it will mean the layoff of two persons from that company, very directly attributed to this tax and this tax alone. The Government may choose to ignore that, and they may try to hide behind the facts. The fact is, that is what is going

to happen.

Mr. Chairman, I will not get into anything else. I will have another opportunity, I am sure. I will stop for now, and we will get back again. I will sit down now and I will wait for the Minister of Social Services to enlighten us with his financial expertise. I can't wait. I can't wait for the Minister to get up and tell us.

Mr. Chairman, what I am waiting for is for the Minister of Finance to answer us a few questions. I asked a number of very specific questions to the Minister of Finance, and I will be waiting now to see if he is going to give us some answers. If not, we will get up and we will ask them again.

Some Hon. Members: Hear, hear!

Mr. Chairman: Shall the resolution carry?

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

It is amazing, Mr. Chairman, that somebody on the other side did not get up to say a few words on this Bill which has such broad implications for constituents around the Province. Maybe some of the rookie Members, like the Member for LaPoile, Bonavista South, or Lewisporte, might not realize that you can speak on a Bill even if you support it, and quite often the arguments put forth by those who support bills are the ones that are accepted. You might convince us. If we heard from some people with down-to-earth knowledge of what is happening around the Province, you might be able to convince us that some of the concerns we have are not legitimate ones. There are a number of concerns with the Bill.

Many of them have been highlighted by the Finance critic, and I presume the rest of us are going to agree with what he said. Maybe after one or two speakers, we will be satisfied to take a vote on the Bill. I said I think that might be possible, but down deep I do not believe it is. Because there is such a grave concern about the Bill, I presume we want to get as many answers as possible and be sure that the Minister is not putting another burden on the shoulders of the taxpayers out there, which is actually what is happening in this Bill.

Mr. Chairman, the Bill itself is called, "An Act To Impose A Tax On Employers For The Purpose Of Funding Health And Post-Secondary Education." The excuse for bringing in a new tax had to be placed on the shoulders of someone. Of course, the Minister himself, when he committed no new taxes in his Budget, had to come up with some way of deflecting the attention of the general public. However, he has not succeeded very well, and he is passing along the blame to the Federal Government who, in the transfer payments, did not give him enough money to cover all the costs he is facing in health and post-secondary education. Perhaps when the Minister gets up to speak to close debate on this Bill, sometime in September, he will explain to us exactly how much money he did not receive from the Federal Government that he was expecting to get, and whether or not it was less than last year's amount in relation to the amount we received on health and post-secondary education.

He might also want to explain to us whether the lack of funding, which he says is there, hence the need to introduce such a tax,

whether or not that was a factor in delaying the decision on the second university we were supposed to hear about early in the spring, then later in the spring, and then long before now. Now, we do not hear a thing about it. Or is it because they cannot agree where to put it? Because there was such a racket within caucus over the site, the Minister cannot decide whether he should go ahead with the facility or not. Or is it because the Minister of Education is trying to convince certain denominations that they should co-operate more fully, perhaps close some schools which would open up some more, which would then serve as a post-secondary institution, call it a university, maybe, and that would solve a lot of problems? Maybe these are some of the questions the Minister can answer when he gets up. Has this really been instrumental in keeping us from getting an announcement on the second university? Has it had an effect on the decision to destroy the Grace Hospital? Is the lack of funding in health the reason why we have to destroy what has become an institution in the Province?

The tax, itself, regardless of why it was brought in or the real reasons behind why it was brought in, is going to have an adverse effect, particularly on business in the Province. We have a number of small businesses in Newfoundland which are labour intensive, and, of course, the more labour intensive you are the higher the payroll tax is going to be, which makes it a very unfair tax - a very unfair tax.

If the Minister would do an analysis of businesses in the Province, he would find that we have many small businesses which

are not labour-intensive, where the profits are relatively good. We have businesses that do extremely well, high profits at the end of the year, but are not labour-intensive. Consequently, they will be exempt from the payroll tax. If the payroll of the business does not exceed \$300,000, the company will not have to pay the payroll tax. If the small business is labour intensive or a lot of the income taken in by the company goes to paying salaries and puts them in the \$300,000-and-above bracket, then that small company is subject to the payroll tax.

So what you have is two businesses: one because it is labour intensive is being hit, a business that is creating a lot of jobs, that is really helping the economy of the Province, that is doing what the Government is not doing, and that business is going to be punished by this Government. And the business that might be so set up as to not create a lot of jobs but yet generate a lot of profits, that company escapes having to pay the tax.

The incentive for this tax is not to create jobs, and that is why we hear now in the business world - and, of course, it transcends the business world. We are also talking about any group or agency, practically, which has a payroll over \$300,000. There is an incentive not to have people on your payroll. The more people you hire the greater the salary bill, of course, and the more payroll tax you have to pay.

School boards: One of the questions asked the Minister was how the Minister of Education was going to get money to school

boards to offset the payroll tax they must have to pay. That is going to be an extremely interesting thing to watch. As the Minister of Education knows, under The Education Act there are specific guidelines and agreements and everything else in place that complicate passing money to school boards. And if certain boards are going to be given grants in lieu, etc., I am not sure what effect it might have on the overall delivery of finances to school boards generally.

School Tax Authorities, on the other hand, as we understand the rules, will be at least one subject to the payroll tax, and the Minister has made it quite clear that there will be no refund to the School Tax Authority or Authorities involved. It states that the amount of the payroll tax is not all that great. But any amount of funding in education where taxes - it is already a tax being taken from the people of the Province to put right back into the schools. Then how can one justify taxing what is really tax dollars already and taking it away from the students of the Province? This is not a profit fund from which the tax is taken, it is money that goes directly into the schools of a specific area. And it seems, well it is quite clear, as I said, from the Minister's remarks already, that there will be no refund to the St. John's School Tax Authority for the payroll tax they will pay.

One of the things mentioned in the Act is that the resource sector - renewable resources - employers there, will not have to pay the payroll tax. But if one looks carefully at the way the Act is worded, it would be extremely easy to change. In fact, you wonder,

if you look at the setup of that section of the Act, whether or not it was intentionally done so that a minor amendment, next year or the year after, could easily bring the resource sector under the payroll tax. And just imagine what would happen if that is ever done. And that is one of the fears. Where you get a foot in the door, down the road the door just opens up and all of the different sectors in the Province are hit. In fact, if one goes back to when the Minister talked about the payroll tax in the beginning, if you look at the wording he used, he did not spell out the fact that the resource sector would not be hit in the future, he just said they would not be hit this year, with no commitment at all to absolve them down the road.

Just picture what would happen the fishing industry. Fish plant operators, who are in so much trouble right now in most parts of the Province, if they had to pay a payroll tax, a completely labour intensive industry, large payrolls, many millions of dollars for medium-sized plants, and to pay a payroll tax on top of that would certainly eat into the profits the company makes, and, in fact, many of the companies are marginal at present.

One of the concerns, and I say that is hypothetical to a point, because we do not have the tax yet, but that thought has to be with us, because, as I say, once we get a foot in the door, heaven knows what is going to happen next, especially if the Minister finds that he cannot balance his Budget. The amount that he is budgeting this year, \$15 million, he knows by now that he is going to have a lot of trouble raising

that kind of money. The \$25 million next year will be just as tough. And, of course, the big question to ask is whether or not the Federal Government is going to sit back and let the Minister exempt all Provincial agencies and yet tax the Federal agencies in the Province, which is really the Minister's way of getting even with the Feds.

I do not know how smart the Minister is or the Premier is if they think the Federal Government is not taking notice of what is happening. Where a tax is brought in in a specific province - a get-even tax - is what it should be called, a get-even tax to attack the Feds simply because of a reduction in transfer payments. I will not say a reduction, simply because the Government thinks it did not get as much in transfer payment as it should have gotten. If the Feds realize - if they realize? They know full well that the Government is pulling a smart one on them, which is the main intent of the tax. The Minister undoubtedly would like to exempt all Provincial agencies, including the private sector, in order to collect just from the Federal agencies. But knowing full well that is happening, does the Minister think the Federal Government is just going to ignore that fact, that they are not going to get them in some other area? The answer, of course, is yes, they certainly will. So the Minister is gaining nothing at all here by bringing in this tax, except hitting the marginal businesses which exist around the Province.

The main employers concerned out around the Province are those who are in competition with similar employers in other parts of the

country, in particular the provinces which are adjacent to our own? We have a number of small manufacturing agencies in very competitive businesses vying for every cent they can get and many of them, at the end of the year, have marginal profits. If a tax is put on, what happens? The tax is undoubtedly passed along to the consumer. In the end, it is the consumer who will pay the price, and we have not gotten to that part at all yet. Because of that the consumer, especially in an age when dollars are so scarce, when employment is so low, where the family income is marginal, the consumer is looking for the best deal that the consumer can find. Consequently, if a business has to increase product because of the payroll tax, that is going to make that business less competitive than competing businesses which do not have to add the payroll tax. As I say, many of our small businesses in the Province are competing with others who would love to get into our marketplace and who now have a better opportunity than before.

One of the ones mentioned was in relation to trucking. I have already talked to a number of truckers who have concerns in that area. The trucking business is becoming dominated by a few large firms. No more do we see the hundreds of individual truckers. The day of the individual trucker is almost gone, because the small fellow can no longer compete. It is something like school busing, where we are seeing fewer and fewer individuals making a living by operating a school bus. He can only longer compete with the larger contractor, and the larger Newfoundland contractor can no longer compete with the larger national contractors, who are



starting to move in and take over, encouraged by the Government. So the same thing has happened in the trucking industry. But the few, very few firms which are provincially owned, who will be hit by the payroll tax, are now placed at a disadvantage once again with the larger Mainland firms. I was interested in hearing the Minister say earlier, Okay, we will get them, too. I wish him luck. But the Minister knows full that it is going to be a lot easier to get the local fellow than it is the people who come in and go out. Consequently, he is going to, once again, put a burden on the local trucker. The consumer, and that is the bottom line.

Mr. Hogan: (Inaudible).

Mr. Hearn: It seems the Member for Placentia is very interested in getting to his feet. If he wants to speak, I will certainly sit down and let him speak.

Mr. Hogan: (Inaudible).

Mr. Hearn: Well, there is no rush, because we have twenty people who want to speak on it. Then we have another few weeks in third reading. So I would just as soon get what I have to say out of the way today, and then I will not have to repeat it again. Sometime, as I said, in September perhaps, when the other Members have a chance to have a shot at the Bill, we will get it out of the way. The bottom line here is the consumer. Almost every business is going to be hit, and we have a variety of them: manufacturers, trucking firms, wholesalers, large retail firms, supermarkets. All of these agencies are being hit by the payroll tax. Let us use the one I

used very early in the year, when the Minister introduced the tax. We talked about the trucker who is bringing food products into the Province. If it is a local trucker, in particular, the trucking firm is going to get hit with a payroll tax, if it is of sufficient size. Following that, the trucker comes in and he delivers his products to an agency. Most of the agencies are relatively large, so undoubtedly they are paying payroll tax, and they are getting hit by the Government so, undoubtedly, they are going to increase the handling costs of the product. The agencies in turn deliver the product to large supermarket chains, all of which are certainly large enough to pay the payroll tax. The large supermarket chains, of course, sell to the consumer. Now, when the consumer comes to purchase an item, he realizes that item has been increased by the wholesaler, by the retailer, and by the trucking firm, which drives the cost of goods that come out of this up substantially, so the buck stops with the consumer. So he ends up paying for all of it.

In relation to small business, small manufacturers once again, if they are going to get hit with \$10,000, \$15,000, \$50,000 or \$100,000 a year payroll tax, then that payroll tax, that profit that is lost or projected profit, now has to be recovered. How? By adding to the price of the goods or the commodities produced. Who has to pay that cost? The consumer. The consumer will only pay the cost of course, if he has no choice. If he has a choice to buy a similar product put up in Nova Scotia, or New Brunswick, or Ontario, at a less competitive price, then the consumer will

purchase those goods or services.

If the small manufacturer gets to the point where he realizes that it is not worth his while to be in business because he is getting hit from so many angles, then he is going to look at cutting back on the size of his business. What we could see this tax doing, besides digging into the pockets of the average person across the Province, for \$15 million for the rest of this year and \$25 million next year if the Minister gets it. All of it, every cent of it will come from the pockets of consumers in the Province. That is a lot of money, \$15 million for the next four or five months coming directly from the pockets of the average consumer in the Province during a year where the unemployment rate is extremely high, where the fishery is on the rocks, where the lump roe fishery has been practically nonexistent in most parts of the Province, where the salmon fishery has become a farce a disaster, where the caplin fishery is uncertain, and up to now the signs for the codfishery is certainly not very encouraging, and we couple that with the problems in relation to fish plants, and we look at most of the problems, especially in rural Newfoundland and, of course, what happens there determines what happens in the urban centers, we are going to have an extremely tough year, a year of uncertainty in the financial circles as it relates to the average consumer.

On top of that the Government is going to reach in and take an extra \$15 million directly from the pockets of these people.

So Mr. Chairman, yes we do have concerns about the Bill. We feel that the Minister reacted too

hastily. We still think it is time for the Minister to withdraw the Bill, it does not kick in until August anyway, so he still has time. There is nothing in effect now that will jeopardize his withdrawing of the Bill. Maybe if the Minister wants to take it under advisement, we would certainly be only too glad to give him that opportunity, because the intention, number one, to collect most of the money back from the feds is not going to work. They are on to his game and if he gets them with one hand, they will get him doubly with the other. They have a lot more controls over the funds that are coming to the Province than the Minister has of what is going back out. So, he is not going to get away with that one.

It might be interesting to ask if some of the concerns about the Hibernia Agreement do not hinge, to some extent, upon the payroll tax. It has caused certainly a lot of concern with a lot of the suppliers and so on out there.

An Hon. Member: (Inaudible).

Mr. Hearn: No doubt. I only raised the question. There is something delaying the decision on Hibernia. There is something delaying it above and beyond the putting together of an agreement, an agreement between Governments and or among the Governments and the company or companies. So, consequently - what is it?

An Hon. Member: (Inaudible).

Mr. Hearn: The payroll tax.

An Hon. Member: (Inaudible).

Mr. Hearn: If not then it certainly has to be the

uncertainty over Meech Lake. We spoke about Meech Lake yesterday about how the Premier has done an about face and right now he is in a complete and utter state of flux. So, I would suggest to the gentlemen opposite that maybe we should have the Premier back here right now to try to straighten out the payroll tax, because I think in light of the experience he has had in the last few days where he really - I think you certainly should tell him to come home. I really believe you should tell him to come home and just leave his little message on the table up there. Leave his message on the table that he agrees with Meech Lake.

An Hon. Member: (Inaudible).

Mr. Hearn: He said it. He said it indirectly and he is afraid to say it directly. He does not want to be perceived as being a loser, he wants to be the big winner. The Premier of Newfoundland wants to sit in front of television cameras across the country and make a statement saying that he agrees with Meech Lake and that he is the one who saved the country. That is the only reason the Premier is holding out at this time and everybody knows it. The gentlemen opposite know because they say it behind closed doors, that the only reason -

An Hon. Member: (Inaudible).

Mr. Hearn: The Premier, if he had listened to us in the beginning, would not have gone through this charade that he has gone through. You see the embarrassing thing, what is extremely embarrassing right now, is that he rescinded the Meech Lake Accord. If the Premier had not rescinded Meech Lake, if he had waited and gone

through this process, and if it failed, come home and rescinded it, then yes, no doubt about it, that would seem sensible. But to rescind it when he did just for his own glorification, to try to put him in the spot light, now he is boxed in a corner.

What does he do? The only thing he can do now if he does the proper thing is make a fool of himself. Now, in most people's eyes he has done that already but yet he cannot accept that, you know, in his own. So, he is in a very hideous situation. I saw the Minister of Justice last night coming in with the bag of donuts and he seemed really, really concerned about it all. So, hopefully the Premier will come to his senses. Unfortunately he is not going to get his chance to be the saviour of the country in front of the television lights.

But anyway I am straying a little bit, I think, from the Bill, Mr. Chairman, but I was talking about a tax bill. I guess, there are implications, and of course, if the country falls apart then we cannot recover from the Feds. Will the Minister be able to pick up the \$15 million if Quebec is not part of the country? How much of the Federal activity in the Province relates to the Province of Quebec? Consequently what is happening with Meech Lake, might throw the Minister's projections right out the window.

An Hon. Member: (Inaudible).

Mr. Hearn: Oh no, definitely. There is a strong possibility, as the Member for Mount - Scio well knows, that if the Meech Lake Accord fails that Quebec will leave Canada. Consequently the whole Federal system is put into

shambles and therefore the Federal activity in this Province is going to lessen. If the Federal activity lessens, so does the amount of money that the Minister is collecting because his main focus -

An Hon. Member: (Inaudible).

Mr. Hearn: No, he is blackmailing the Feds. The Minister of Finance is trying to blackmail the Feds and his main focus is on Federal activity. Less Federal activity means less funding. So, if the Minister wants to balance his budget he should have stayed up or gone up with the Premier as he did the last time, and maybe the wise advice from an aged Minister of Finance would be able to convince him to do the right thing, to put his country first, to make sure the concerns of the Province are looked after as they are, and to admit that he was wrong, that his interpretation was way off base and that the Opposition had set him straight in debate and he refused to listen as Members well know right now.

So, the whole thing is rather complicated, but if we are going to get a quick resolution to the passage of this Bill, Mr. Chairman, I suggest that, No. 1, Meech Lake has to pass, and No. 2, the Minister of Finance has to take into consideration, the effect this Bill is having on the average consumer in the Province. In particular, in light of what is happening on the national scene right now.

I understand there are a number of other speakers. The Member for Placentia was going to speak. He is not in his seat right now. The Member for Mount Scio has had something to offer, so he might

want to do it formally on the floor. Thank you Mr. Chairman.

Mr. Chairman: Does the resolution carry?

An Hon. Member: No, Mr. Chairman.

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

Mr. Rideout: Cannot let this resolution carry yet, Mr. Chairman.

It is a telling sign of a Government that has dug in, and is in trouble when just after one year, a year and a few months; they do not even bother to put up speakers to defend their own legislation.

An Hon. Member: Or the budget.

Mr. Rideout: Or the Budget.

We have seen it carry on now in this House all of this week; piece of legislation after piece of legislation. Some Minister would get on his or her feet and introduce it and the Minister would then lay the contact cement, or the contact glue on his seat, and sit down. Nobody else would budge to defend the Government's position.

An Hon. Member: Where is the sale for the Lepages contact cement?

Mr. Rideout: I do not know if the payroll tax applies to contact cement or not. But if it is, the Government is raising a few bucks those last few days. Yes, it is amazing that no Minister will stand and defend the Government's legislation. Really amazing.

Mr. Chairman, we spent three or four months now telling the Minister what is wrong with this

legislation. The first thing that is wrong with this legislation - for the benefit of the President of Treasury Board - is that this particular tax was thought up in such a hurry. The Minister of Finance spent -

An Hon. Member: (Inaudible).

Mr. Rideout: Mr. Chairman, Hubert Trump should be quiet and listen.

The first thing that happened; is that it was thought up so quickly, that the Minister did not have any idea, or any concept of what he wanted to do when he brought this particular tax measure forward. He had no idea. Mr. Chairman.

The day after the Budget Speech was made in this House we started asking the Minister questions about this payroll tax. And he went on for weeks, I don't know if it was four or five weeks, before the Easter Break, the Minister went on day after day, stonewalling, because he did not have the answers as to who this tax would apply to. The Minister did not know.

Mr. Chairman, he would not guarantee us that it would not apply to school boards, he would not guarantee us that it would not apply - yes, give him the picture. He should have went down to see him when he was in New York. He might have gotten a better rate on the bond issue - he would not tell us whether or not it would apply to school boards, he would not tell us whether or not it would apply to hospitals.

Mr. Chairman: Order, please!

I ask the hon. Members to my right if they could refrain from creating a noise because the hon.

Member cannot be heard.

Mr. Rideout: Mr. Chairman, I wish the Member for St. John's South would stay on his own side of the House. Every time he comes over here to talk to one of my colleagues he creates nothing only a racket and a fuss. You can hear him all over the place. He gets our Members - like the old fellow said, all upstot - he gets them all upstot, laughing and carrying on, and the next thing - he takes the House on his back wherever he goes.

He is very close to the rail. The hon. gentleman for St. John's South is very close to the rail; and he should keep that in his mind, Mr. Chairman.

An Hon. Member: What rail?

Mr. Rideout: The Bar of the House. He can reach out and touch it. The landslide one vote; he can reach out and touch the rail of the House, Mr. Chairman.

An Hon. Member: Two votes.

Mr. Rideout: Two votes. Oh, that was after a third recount, was it? Anyway, the Member for St. John's South is a living example of a win, is a win, is a win. One hundred per cent better than I said he was.

An Hon. Member: He was very nasty this morning though.

Mr. Rideout: He was very nasty this morning, yes. Must have been the late night watching the Premier on the television that caused the hostility in the House this morning.

Mr. Chairman, the Minister of Employment and Labour Relations

has nerve enough to inject herself into this debate - not in her own seat, but in the wrong seat to start with. But imagine the Minister of Employment and Labour Relations saying this morning in the House to a Member of the Opposition, first of all, will you tell the House your source of information? And, Mr. Chairman, the Minister of Employment and Labour Relations I know is new to the House, new to politics, but I mean since time immemorial, brown envelopes, brown paper bags, and anonymous phone calls, and drop offs have been delivered in the laps of Oppositions. Ask the Government House Leader, Mr. Chairman. Ask their colleague, the Government House Leader how Oppositions get information? And the Minister is so naive then this morning, as to say, there is going to be an investigation. Well let the investigation go forward.

Ms Cowan: (Inaudible).

Mr. Chairman: Order, please!

Mr. Rideout: This, Mr. Chairman, is the mentality and the attitude of this Government, if somebody has the audacity to give an Opposition Member or the press a piece of information -

Ms Cowan: Personal information about people (inaudible).

Mr. Rideout: First of all, would the Minister go back to her seat and then I will entertain her objection.

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

Mr. Rideout: Public information, Mr. Chairman, is what it is. The Workers' Compensation Commission and the Tribunal are at

loggerheads and the public has a right to know about that, and the Minister has the responsibility to answer for it in this House, Mr. Chairman, not throw up the defence of oh, we are going to have an investigation.

An Hon. Member: Personal mail.

An Hon. Member: Personal mail.  
(Inaudible).

Mr. Rideout: Oh, is that so now? Is that so? Listen to the Master of the Rules of the House now, Mr. Chairman. That is a new twist, as they say in Ottawa. That is a new spin, Mr. Speaker. The Minister is a Minister of the Crown, and she is responsible for the Crown agency that is in trouble. And if somebody wishes to inform the Opposition about that, Mr. Chairman, so what? It has been happening for hundreds of years, hundreds and hundreds of years in the British Parliamentary system. Are you going to tear up all the precedents of the last hundreds of years, because the Minister got her nose out of joint. Mr. Chairman, the Minister should have been in the House over the last number of years when Oppositions came in with Cabinet papers, Mr. Chairman.

Mr. Warren: The Minister of Social Services.

Mr. Rideout: The Minister of Social Services is a prime example, waltzing into the House with Cabinet documents, going around with flashlights looking under the rocks and the stones, Mr. Chairman, coming back to the House with Cabinet papers and Cabinet orders, and the Minister gets her nose out of joint because somebody in the Opposition got a letter that was sent to her. Too

bad! Tough! It is going to happen, I say to the Minister, she might as well get used to it, it is going to happen day after day, after day. It is going to get worse because the brown envelopes unmarked, and the anonymous phone calls are coming from all over the place, Mr. Speaker.

Some Hon. Members: Oh, oh!

An Hon. Member: I called on you yesterday.

An Hon. Member: I had two about the Minister of Development.

Mr. Rideout: And that is not the only letter we got, Mr. Chairman.

An Hon. Member: We got a brown envelope too over here.

Mr. Rideout: There are lots of people on the other side that the Minister should talk to about how Oppositions get their information, Mr. Chairman. There are some pros over there who were in Opposition for years and they know how it happens. And let me say this to the Minister, Mr. Chairman, nothing the Minister can do is going to stop it. Nothing. She can call in the Royal Newfoundland Constabulary, she can call in the RCMP, just as the press get their information. There is nothing the Minister can do to stop us. She can -

Mr. Efford: (Inaudible) information?

Mr. Rideout: There is the prime example. If the Minister of -

An Hon. Member: Super sleuth.

Mr. Rideout: Yes, if the Minister of Employment and Labour Relations wants any information on super

sleuths she should talk to the Minister of Social Services. The old night crawler himself, Mr. Chairman. The wandering around and the going down to the Children's Rehab Centre and bringing them up to the Opposition Office and the next thing you know they are up in the public gallery. He is the master of it, Mr. Chairman.

Mr. Efford: I can tell you one thing, you fellows were over here, you are not over here any longer, I wonder why? I wonder why?

Mr. Rideout: Mr. Chairman, let me penetrate an insight into the obvious. But I tell the Minister of Social Services that he should continue to -

Mr. Efford: I am proud of the Opposition, the past Opposition. I am proud of them.

Mr. Rideout: You know, that halo that I was talking about yesterday, he really believes there is no credit to the Premier as Leader of the Party, or to any other Member over there - they are over there, Mr. Chairman, because of the Minister of Social Services.

Some Hon. Members: Oh, oh!

Mr. Rideout: All on his own. The Minister of Development had nothing to do with it. He was in Opposition at the time. The Government House Leader was in Opposition at the time and he had nothing to do with it. The Leader of the Party, the Premier, had nothing to do with it. The Member for Windsor - Buchans who paid the supreme sacrifice, had nothing to do with it. Nobody had anything to do with it only the Minister of Social Services. Now, you talk about an ego, Mr. Chairman. IF

you could sell that man for what he thinks his ego is worth you would have some money.

Mr. Efford: It would be more than \$35 million.

Mr. Rideout: It would be more than \$35 million, I can tell you. So, that is the answer to the question, Mr. Chairman. But, coming back to the Minister of Employment and Labour Relations, I say to her, do not be so foolish and do not waste your time, because nothing the Minister, or any Minister can do will stop a person who wants to pass along information from passing it along. The Minister of Social Services is a prime example of that. You cannot stop it, and you never will stop it. If somebody want to make an anonymous phone call, or slip you a piece of information, there is nothing you are going to do about it. You have to take it on the chin. You are elected, you are responsible, you have to take it on the chin and answer, and not go around moaning and groaning and calling for investigations and all that kind of stuff. You will never plug the hole, I say to the Minister. If you catch somebody today, there will be somebody else tomorrow. There are just too many, and it cannot be done.

An Hon. Member: There are too many Tories around.

Mr. Rideout: Not Tories. I wonder who used to give the Minister his information? Was that Tories?

An Hon. Member: Two Liberals.

Mr. Rideout: Two Liberals, was it?

Mr. Chairman, as soon as they

became the Government they embarked on a royal purge and thought they were going to seal the ship, the biggest purge since Confederation. There was no purge in 1971, no Deputy Ministers, Assistant Deputy Ministers, or anything like that fired, Mr. Chairman. Go back and check the record.

Some Hon. Members: Oh, oh!

An Hon. Member: What about the spring of 1979?

An Hon. Member: (Inaudible) Premier's office.

Mr. Rideout: Well, that is political staff. What about the spring of 1989 in the Premier's office. People on political staff know that when their political masters go they go. I am talking about the professional civil service. They thought they were going to seal up the ship by this massive purge they did in April and May of 1989, but they can see, Mr. Chairman, that the ship is still leaking. We were only in the House in Opposition for three or four weeks when we brought in a Cabinet directive on the Bell Island ferry.

An Hon. Member: (Inaudible).

Mr. Rideout: Mr. Chairman, I could respond to the Minister of Employment and Labour Relations but I will not, I will let it pass. It was only a few weeks after that, Mr. Chairman, we brought in the printed document on the demerit system that was not published. We asked the Minister that day in the House about the demerit system and he got up and misled the House, misinformed the House. No, he said, and before the Member for Kilbride was



finished asking his questions he tabled the printed brochure on the demerit system. The witch-hunt letter sent out from the Premier to all Ministers. Do you remember that a few weeks ago? About patronage appointments and all that kind of thing. It was sent from the Premier to all Ministers. Remember I tabled that in the House two or three months ago, Mr. Chairman.

An Hon. Member: And the Premier did not know (inaudible) down the system.

Mr. Rideout: That is right. You could have almost gone down to the bulletin board in the basement of Confederation Building and got that letter it was so widely circulated. The point is, Mr. Chairman, you cannot stop it. The Minister is not going to stop it and neither should she waste any time trying to stop it. What she should be doing is trying to deal with the problem. There is a very serious problem at the Workers' Compensation Commission that the Minister is letting drag on. Now, Mr. Chairman, I want to come back to Hubert Trump, and Bill 28. As I was saying, -

Mr. Flight: That's carried.

Mr. Rideout: No, Sir, it is not carried. It is not going to be carried this day, I say to the Minister of Forestry. And it is not likely going to be carried on Monday or Tuesday, and Wednesday is Private Members Day, Thursday, you might get it by this time Friday. I mean this is the most ill-advised tax measure and piece of legislation that this House has seen in a long time. The Minister spent weeks and weeks and did not know who was in.

An Hon. Member: (Inaudible).

Mr. Rideout: If the Minister will zipper up, I will try to tell him.

First of all, the Minister spent weeks and weeks and could not tell us who was affected by this piece of legislation.

An Hon. Member: (Inaudible).

Mr. Rideout: No, that is not a fact, go back and look at the records of the House and see if it isn't a fact.

You know the most operative question here, Mr. Chairman, is, what is wrong with the Minister? The Minister has proven to be totally incompetent, Mr. Chairman.

An Hon. Member: We ask the questions, you supply the answers.

Mr. Rideout: This is the Minister of Kentucky fried garbage and short and curlies trying to bring on to the people of Newfoundland and Labrador this new tax measure, ill-advised, ill-timed, never thought out. You know, this Bill only came on our desk this morning. The Minister noted this Bill - does the Minister realize that this Bill came on Members' desks this morning?

An Hon. Member: (Inaudible).

Mr. Rideout: There is a reason for it. Hold on now.

An Hon. Member: (Inaudible).

Mr. Rideout: A tax Bill -

An Hon. Member: No, no.

Mr. Rideout: Well, see the more things change the more they remain the same. This Bill was not here

until this morning because the Minister's officials could not get it put together. They did not know how to put it together. That is how ill-conceived this tax was, Mr. Chairman. This Bill is going to drive businesses out of existence in Newfoundland and Labrador. The Minister shakes his head. Well, what about a business that is over on the west coast in the Port aux Basques area that is in competition with business in Nova Scotia. They are automatically going to be at a disadvantage as a result of this Bill, because they are going to have to pay a 1.5 per cent payroll tax and the Nova Scotia firm does not in Newfoundland, Mr. Chairman. How stunned is the Minister? They have to be at a disadvantage.

An Hon. Member: (Inaudible).

Mr. Rideout: I have been listening to the Minister of Development so long now that, unfortunately, I am picking up some of his uncouth phrases.

But, Mr. Chairman, this particular tax was aimed at the Federal Government. Aimed solely and directly at the Federal payroll in Newfoundland, and that is fine. I have no objection to that. But in aiming at the Federal Government, Mr. Chairman, the Minister got trapped. He got trapped because he had to spread the net to take care of everybody else, because if he did not do that, if the Minister did not do that, Mr. Chairman, then he knows that he would have been in court and this tax would have been ruled invalid. So, out of his desire, out of his mad dash for the cash from the Federal Government he caught everybody else in Newfoundland and Labrador. He

caught everybody else in Newfoundland and Labrador. Every small business now with a payroll over \$300 thousand have been brought into this net by the Minister.

An Hon. Member: (Inaudible).

Mr. Rideout: \$300 thousand is not a small business?

An Hon. Member: (Inaudible).

Mr. Rideout: Right. Go to the definition list.

In the mad dash for the cash he socked it to every small business in Newfoundland and Labrador. And, Mr. Chairman, the Minister had received letters from a number of businesses in this Province and from groups representing businesses in this Province, telling him that this is going to cause a lot of difficulty for business. It is going to cause unemployment, because some businesses will deliberately lay off because of this tax.

The Minister shakes his head, Mr. Chairman. I wish he would live in the real world. Businesses have told us that. They told the Minister. I mean the Minister never acknowledges anything, Mr. Chairman. I asked him in this House a week or so ago about the Liquor Licencing Board changes and he told me he had no representation. Well, the Minister has had representation about the hours of opening for the restaurants. And the Minister told me he had no representation.

An Hon. Member: (Inaudible).

Mr. Rideout: They have changed. You cut it back to 2:00 from 3:00. Isn't that a change?

An Hon. Member: (Inaudible).

Mr. Rideout: The closing. The number of hours they are allowed to be open has been reduced by one hour.

An Hon. Member: (Inaudible).

Mr. Rideout: Yes. That is what I ask the Minister. He told me he had no representation, Mr. Chairman. And the Hospitality Newfoundland is after condemning him for it. The Restaurant Association has condemned him for it.

An Hon. Member: (Inaudible).

Mr. Rideout: They have so. I have copies of the press statements. Does the Minister want me to bring them up to him or won't he acknowledge anything? There is a letter to the Minister signed, I believe it is by eight business establishments in this city or in this region saying that they will have to probably close down and therefore create more unemployment.

Mr. Chairman, what the Minister - and then just look at the unfairness of it. There was no notice given. The Minister comes into the House, makes his statement - zap, it is done. Those business establishments had already planned for their summer business. Some of them had made commitments for entertainment and so on like that and rental based on their budgetary projects for the year. I suspect the Minister is going to be hauled into court and so he should to compensate those people for money that they have already expended based on the law as it was. Based on the law as it was people made business projections, they made business

decisions, they entered into contracts and agreements, and without any warning the Minister hauls the feet right out from under them.

It is unheard of what this Minister, Mr. Chairman, is doing to the business community of Newfoundland and Labrador. This is one attack, but in the overall scheme of things -

An Hon. Member: (Inaudible).

Mr. Rideout: That is immaterial, it is legal, isn't it. Is the Minister going to bring in a law on prohibition now? I think most of us agree with that, whether we use it or not, most of us agree with it. Is the Minister going to bring in a Bill now on prohibition? Where is he going to get his money, the \$81 million that the board passes over to him?

An Hon. Member: \$81.5.

Mr. Rideout: \$81.5, the Minister finds that pretty handy doesn't he. I mean to say, that is the asinine mentality of the Minister. How long is this payroll tax going to be at 1.5 per cent if the Minister goes what he just hinted at? How long will it be at 1.5 per cent? He is going to have to find \$80-odd million somewhere else. You see that is the asinine mentality of the Minister of Finance. That is why, Mr. Speaker, for a long time in Newfoundland politics he has been known as the mad doctor, you cannot reason with him -

An Hon. Member: (Inaudible).

Mr. Rideout: What is wrong with that? Is there something unparliamentary about that? Yes, when the hon. gentleman was over

here in Opposition there were Members on the other side of the House always calling him that. That is not a new phrase. He has been called that, Mr. Speaker, because nobody can reason with him. Once he makes up his mind, as bad as that is, when he makes up his mind he just will not budge. This is the same mentality that leads to phrases like Kentucky fried garbage.

For the Minister's information, this is a tax Bill, so everything from the moon down and the stars up is appropriate, for the Minister's information. It is appropriate. It is a tax Bill. It is stupid. The essence of stupidity, Mr. Speaker, is embodied in the Minister himself, because he is wrecking the business community in Newfoundland and Labrador. He is wrecking it in a large measure with this Bill but he is wrecking it in much milder ways in other measures. What he did to the Restaurant Association by unilaterally, without any consultation and any notice, changing their business plans for this summer is wrecking business. It is causing unemployment, it is driving people out of business, and the Minister has a letter signed by eight business operations in this region telling him that, Mr. Chairman, but is too pigheaded to admit it. He is too pigheaded to stop and think about the consequences of his actions, to use his own words, stupid. I did not call him that, he said it himself. He just will not change his mind.

Comments like Kentucky Fried garbage, Mr. Chairman, is doing irreparable damage to business in this Province. Comments like, we got him by you know what, is doing irreparable damage to business in

this Province. Every time this Minister open his mouth the foot goes in deeper and deeper.

An Hon. Member: Debate the Bill.

Mr. Rideout: I am debating the Bill, Mr. Chairman, because the consequences of this Bill are the actions of the Minister and the Minister is doing irreparable damage to the business climate of Newfoundland and Labrador. What has he done positive? As Minister of Finance what has he done positive? Does the Member for Exploits want me to come back to yesterday's story about the back? I wonder if the Member would like me to continue with that story from yesterday?

An Hon. Member: The what?

Mr. Rideout: The back. The thing he has in the Minister of Development's back. You were not here yesterday when I was telling that story.

Mr. Chairman, this Minister of Finance has continued every day for the last twelve or fourteen months to do harm, day after day, to the business community. Every time he gets up and opens his mouth he is hurting somebody. What has this Minister done to create a positive climate for business investment in Newfoundland? What has he done? I cannot think of one iota, one positive thing that you can say the Minister has done to enhance the business climate in Newfoundland and Labrador in his tenure in office.

He has increased taxes on the business community, as well as individuals. He has brought in this brand new tax to try to get at the Federal Government, but in

his haste to try and get at the Federal Government he socks it to everybody else, including school boards, hospitals, charitable organizations, and the St. John's School Tax Authority. The Minister says he has a Budget balanced, Mr. Chairman. The Minister's Budget is a fraud, because he has not included in the estimates of the various Departments the money he is going to have to transfer back to Crown agencies, school boards and hospitals, and that type of agency, to make up for the payroll tax. So the Minister's Budget, as we have been saying, is a fraudulent document. It is not a real Budget. At some point before March 31 next year the Minister is either going to have to go for Special Warrant to pay back to the school boards and the hospitals. He is going to have to either seek a special warrant or he is going to have to bring in an amendment to the Budget before the House in the fall. He is going to have to do one or the other.

An Hon. Member: (Inaudible).

Mr. Rideout: Pardon?

An Hon. Member: (Inaudible).

Mr. Rideout: I suspect I will be here longer than the hon. Minister, Mr. Chairman.

The Minister is going to have to amend his Budget either by doing it in the House, or either that, getting Special Warrant.

That is why the Budget is a fraud. That is why it is a fraudulent document. He sits over there day after day; and all he can do then is come out with some stupid asinine remark. Or sit back and laugh while somebody is

trying to make a point. That is the depth, Mr. Chairman, of the Minister of Finance.

I can tell the Minister, that he is going to have a rough ride before this Bill goes through. And I can tell the Government House Leader that this particular Bill coupled with the Bill that the Minister of Municipal and Provincial Affairs is going to try to bring before the House over the next few days on regional services boards, is going to get a rough ride in this House.

The Minister does not need that Bill. He has all the authority he needs now, under the present Act. I can talk about any Bill. This is a money Bill. But there is one flaw in the present Act; one tiny flaw that the Minister does not like. He can not do anything without having public hearings and feasibility studies. So therefore he will bring in this bill next week. To get around that.

Mr. Chairman, that is not going through the House very quickly. The Minister might as well make his mind up to it. The Government House Leader might as well make his mind up to it. If you have to use closure, then you have to use closure. But it is not going through very quickly. I know the Committee has to rise so I will adjourn the debate, Mr. Chairman.

An Hon. Member: (Inaudible).

Mr. Chairman: Order, please!

The hon. the President of Treasury Board.

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

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

Mr. Speaker: Order, please!

The hon. the Member for Trinity - Bay de Verde.

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

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

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

Mr. Baker: Thank you Mr. Speaker. On Monday, I would like to advise hon. Members that we will be continuing with Motion 1.

I move that the House at its rising do adjourn until 2:00 p.m. Monday, and that this House do now adjourn.

On motion, the House at its rising adjourned until tomorrow, Monday, at 2:00 p.m.