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Speaker: Honourable Thomas Lush

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The House met at 9:00 a.m.

Mr. Speaker (Lush): Order, please!

Statements by Ministers

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

Mr. Baker: Thank you, Mr. Speaker.

Today I wish to advise this House that the Cabinet Committee established by Government to review its decision on various Labrador Air Subsidy Programs has finalized its report and Government has accepted the recommendations of the Committee.

The Labrador Travel Subsidy operated by the Department of Municipal and Provincial Affairs will remain intact. Funding has thus been re-instated with no reduction in the level of subsidy provided.

The Air Passenger Subsidy Program operated by the Department of Works, Services and Transportation, will, however, be eliminated as originally announced.

Some Hon. Members: Hear, hear!

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

Mr. A. Snow: I want to thank the Minister for giving me the copy of his terse Ministerial Statement prior to his announcement. It is unfortunate that it took six weeks for this special Cabinet Committee to come up with such a silly, silly announcement.

An Hon. Member: Oh, oh!.

Mr. A. Snow: Maybe the hon.

Member for Exploits can think this is funny, but I can tell you 6,000 people in Labrador do not think this is funny.

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

The Chair wants to remind hon. Members that the Chair will decide when the time is up for hon. Members when they are speaking, and will decide it in all areas where the speaker has that jurisdiction. I would say with respect to Ministerial Statements, that the Speaker has leeway in deciding the time.

I ask the hon. the Member for Menihek to continue.

Mr. A. Snow: Thank you, Mr. Speaker.

Six thousand people in Labrador applied for this particular program, for this subsidy under this program last year. Those people do not think it is funny, and they did not expect this particular announcement at this particular time.

They expected this Government, which was supposed to give good Government, was going to come to their aid. Instead of that, what did they get? They got this Government coming and taking \$400,000 out of the pockets of the people in Labrador and putting it in their pockets, here on the Island portion of the Province, in a method of a car allowance for the Ministers to drive around town in. It is utterly ridiculous!

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

Oral Questions

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

Mr. Rideout: Thank you very much, Mr. Speaker. The Premier in his statement to the House, I think it was a week ago today, May 11, confirmed that Building a Viable Future, this option to address the crisis in the Newfoundland fishery we have talked about in the House a number of times, was a document which had been reviewed by the Provincial Government, and with some changes, to reflect the views of the Provincial Government, I think is exactly what his statement said, and that it became a Federal/Provincial working document. Can the Premier tell the House whether or not this Building a Viable Future, this Federal/Provincial working document he referred to in his statement, was the basis on which the Provincial and Federal Governments began to negotiate the contents of a Memorandum of Understanding that would lead to both governments addressing the crisis pending then, and still pending in the Newfoundland fishery?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, my recollection of what I said in the House, and the information I gave, was that the Federal Government originally set forth some proposals in a document called Structural Adjustment, and their proposals were not acceptable to the Province; they were talking about taking people out of the fishery, and so on. We advised them that this was not acceptable to us, that the approach had to be to provide for alternative

economic employment opportunities for our people, and a variation of that found its way into the document called Building a Viable Future, which, I believe, came about following discussions between the Federal and Provincial Task Forces. So that is how the document came about, Viable Fisheries.

Then, subsequent to that, there were discussions. I could check, but I do not know of my own personal knowledge at this moment that Building a Viable Future was the foundation for the discussion of the MOU. My inclination at this moment is that it was not, because that was done in the fall, in November, and between November and the time we discussed the details of the Memorandum of Understanding, the National Sea plant had closed and the three FPI plants had closed.

The Memorandum of Understanding really came out of a meeting between the Hon. John Crosbie and myself, in which I put forward three proposals which ought to be contained in the Memorandum of Understanding: One, to deal with the immediate impact on the communities and the people concerned of the closure of these plants; the second aspect of it was to put funds and resources in place to build a viable fishery to sustain our fishery for the future; and the third element was economic diversification to relieve the pressure on the fishery. That is what the Memorandum of Understanding came out of, not out of that document itself. Now whether that document was referred to in discussing it with the Task Forces or not, I do not know.

Mr. Speaker: The hon. the Leader

of the Opposition.

Mr. Rideout: A supplementary, Mr. Speaker. Mr. Speaker, it is the Federal/Provincial negotiations between the two Task Force groups that I am referring to. But let me ask the Premier this, Mr. Speaker. The Premier told the House previously that negotiations with the Federal Government broke off, to use his words, around the end of February. Can the Premier confirm that was the case?

Mr. Speaker: The hon. the Premier.

Premier Wells: Broke off is too hard a word, and it does not really reflect what happened. That makes it sound as though both parties agreed not to discuss. What happened is the Federal officials just sort of faded out or were going through it in a perfunctory way. So between the last few days of February and the first week of March, this is what happened. The last meeting with the Federal and Provincial Task Forces on the issue, if my recollection serves me correctly, was about the 7th of March. There were still discussions, so it would be wrong to say discussions broke off. The advice I have from the Task Force is that nothing really effective was done after the end of February. The last meeting was the 7th of March and that was not very productive; it was clear the Federal officials were not going to be co-operative.

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

Mr. Rideout: Thank you, Mr. Speaker. Mr. Speaker, can the Premier confirm that negotiations between the Federal and Provincial officials continued well into March? Can he confirm that a

draft Memorandum of Understanding was, in fact, agreed to by the officials of the two sides based on the Building a Viable Fishery option, and that draft Memorandum of Understanding included fewer fishermen, fewer fish plants, and fewer fish plant workers? Can the Premier confirm that, Mr. Speaker?

Mr. Speaker: The hon. the Premier.

Premier Wells: No, Mr. Speaker, I cannot confirm that the negotiations continued well into March. I was not at the meetings of officials, but I will find out and I will report back to the House. I am told the last meeting was the 7th of March. But if that is incorrect, I do not want to give the House inaccurate information. I will check it and make sure.

The discussions we were having, or putting forward, contemplated an Economic Diversification Program which would provide for alternative employment opportunities, and so have the effect of reducing the number of people who would have to look to the fishery for employment. I have no doubt the Memorandum of Understanding contemplated that, yes.

Mr. Speaker: Before recognizing the hon. the Member for Grand Bank, I would like, on behalf of hon. Members, to welcome students to the gallery. I do this, because many times they leave after Question Period, and are out in the hallway. So I apologize to the hon. the Member for Grand Bank, but we will get to recognize him shortly.

On behalf of hon. Members, I would like to extend a cordial welcome to sixty students from the

democracy class of Ascension Collegiate High School, Bay Roberts, in the District of Port de Grave, accompanied by their teachers, Mr. Ed Neil and Mr. Claude Taylor.

Some Hon. Members: Hear, hear!

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

Mr. Matthews: Thank you, Mr. Speaker. I am more than glad anytime to permit an opportunity to welcome students to the gallery.

My question this morning, Mr. Speaker, is to the Minister of Fisheries. In light of the AGAC meetings, the Atlantic Groundfish Advisory Council meetings, this past week, there were some interesting observations which came out of those most particular meetings, where it is reported that the northern cod stock has remained consistent or stable over the past couple of years, at 900,000 metric tons, and it was once again no surprise that the estimates were off. Then another revelation coming out of the meetings was we should see some significant improvements in northern cod stock size by 1992 because of the better shape of the 1986-87 class-year fish. I am wondering if the Minister of Fisheries' officials have done an analysis and an assessment of the AGAC meetings, and what the impressions of the Department of Fisheries are on those particular observations?

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

Mr. Carter: Mr. Speaker, my officials are in the process of doing that now. The meeting was held, I believe, on Monday or

Tuesday. Since then, my Deputy and my Assistant Deputy Minister had to go to the mainland to discuss another matter, but I know that an assessment is now being prepared for me on that.

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

Mr. Matthews: Thank you, Mr. Speaker. If, in fact, these statistics or this analysis is correct, and, of course, we always have to be sort of dubious about that, watching what has happened over the past number of years, but if the stock has remained stable for the last couple of years at around 900,000 metric tons, and if indeed we are going to see a significant improvement by 1992, does the Minister not consider this a reason to change the Provincial Government's attitude and plan for the Fishery in Newfoundland and Labrador, that, indeed, it is incumbent upon the Government to bring in measures to keep people in their communities, to keep people in the industries for another couple of years, until things could turn around and become a bit better?

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

Mr. Carter: Mr. Speaker, I will be better able to provide an answer to the House on that question once I am thoroughly briefed by my officials on the AGAC meeting. There is an old saying I think, that one swallow does not a summer make. Certainly the advice of one set of officials at a meeting, one meeting, is hardly cause to start to revamp our whole strategy for building a viable fishery. But, certainly, I will supply the answer next week.

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

Mr. Matthews: Thank you, Mr. Speaker. I have a supplementary for the Minister of Employment and Labour Relations, and it is related to her tabling of her agreements yesterday for the adjustment program, the fish plant workers agreement between Fishery Products International and the Government of Newfoundland and Labrador, and I refer to clause 7: 'Payments to be made by Newfoundland to the Company.' Here it says, "the first invoice by Fishery Products International shall be presented on or about April 27, 1990 to the Province by FPI." I am wondering if the Province has received an invoice from Fishery Products International to date, and if so, if the Minister would be able to inform the House how much that invoice is calling for payment from the Province.

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

Ms. Cowan: Yes, questions on that will usually be answered by the Minister of Fisheries or the Premier, who are the chief spokespersons for that, but since that has to do with an invoice, I will mention it because it would have come to my Department. There must have been an invoice come in in order for the cheque to go out. I certainly can double check that for you, but I think from my reading of the agreement - I don't have the agreement in front of me at the moment, but the invoice has to come in before the money goes out.

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

Mr. Matthews: Thank you, Mr. Speaker. Yes, I understand that, Mr. Speaker, that the invoice should come in before the cheque goes out, but my question is has there been an invoice received by the Minister's Department in which there is \$9 million Budgeted this year to make such payments. If there has been -

An Hon. Member: And is she responsible for it?

Mr. Matthews: Well, she signed the Agreement. It is true, it is her responsibility. If an invoice has been received to date from Fishery Products International, how much would the Province have to pay Fishery Products International as a result of that invoice?

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

Mr. Carter: Mr. Speaker, I can't provide the information, obviously. I don't know what the hon. Member is trying to get at. The fact of the matter is, the Province has undertaken to provide certain sums of money to help defray the cost of extending the working period in those plants. I want to make it clear once again that not one cent of that money, not one fraction of a cent will end up in the coffers of the two companies concerned. These are funds being provided to the workers to extend the working period of the people working in the plants to make the plant closure a little less severe on them. Certainly, information as to the dates when payments were made and the amounts, that is the kind of information we will have to provide at a later date, Mr. Speaker.

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

Mr. Matthews: Thank you, Mr. Speaker. I respect that, Mr. Speaker, and I am not trying to do anything. What is happening to National Sea is very straightforward. The payment schedule is there, three \$750,000 payments, a \$500,000 dollar payment, and \$250,000 when the final audit is done for National Sea. My point is that this invoice from Fishery Products International should give some indication as to what we can expect the Province to pay to Fishery Products International under the extended notice period. There is \$6 million budgeted this year to FPI, and my question is for the simple reason of trying to determine if indeed that \$6 million, based on what we will know as of 27 April, will be used up by the Province advancing it to Fishery Products International, or if it will be less than \$6 million. That is the reason for my question. I am not trying to accomplish anything underhanded here, I just want the answers.

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

Mr. Carter: We will be happy to table the invoice and all information pertaining to the transaction. But I can only remind the hon. Member that the agreements undertaken between FPI and the Province cover an agreement that will see an expenditure of \$11.6 million for the fiscal years 1990-91, and 1991-92. Now, as to the details of when the payments started, how much was paid, the amount of the invoice and what we did with it, that will be tabled next week.

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

Mr. Parsons: Thank you, Mr. Speaker. My question is to the Minister of Fisheries. Because of the devastation being caused out there by plant closures, especially to rural Newfoundland and Labrador, I want to ask the Minister if it is Government policy for fish plants which have closed because of financial problems and are reopening under new management that there is no Government input financially to the new operators of those plants?

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

Mr. Carter: I am not sure what he is talking about.

An Hon. Member: Twillingate.

Mr. Parsons: You said at one time there was no Government help to plants which were not viable.

Mr. Carter: Twillingate will be happy - of course, this was a deal worked out between the Newfoundland and Labrador Development Corporation and the company concerned. Because once that company went into receivership, the property and the plant became the property of the Newfoundland and Labrador Development Corporation. I can tell you now that the new operator who has taken over that plant, Dr. Blackwood's company, is not receiving any loan guarantees from the Government, not one cent. They did not ask for any, and they are not getting any. There will be a normal management fee provided the company, as you would expect. The Company will be responsible for any losses which are incurred and, by the same

token, will have the right to keep any profits that are made.

Mr. Matthews: (Inaudible).

Mr. Speaker: Order, please!

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

Mr. Parsons: I am sure I hear the Minister correctly, that there is a management fee with the Newfoundland and Labrador Development Corporation, which is a financial arm of Government. I want to ask the Minister now, is there a management fee being paid at the Twillingate plant? If so, to whom and how much?

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

Mr. Carter: Mr. Speaker, I just answered the question. I said there was a management fee being paid to the company. The amount: I will get the information from the NLDC. But it is a management fee being paid to the company which is going to be operating the plant.

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

Mr. Parsons: A final supplementary, Mr. Speaker. The Minister has stated that there is no financial input from Government as it pertains to his Department. But with an arm of Government supplying that managerial fee, then is that not part of this Government? Has the Minister not misled, not intentionally, but hasn't the Minister told this House there is no Government input in any plant, no Government support? Why the difference, shall we say, in plants on the Southern Shore as compared to the

plant in Twillingate? Would the Minister please answer the question?

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please!

The hon. the Minister of Fisheries.

Mr. Carter: The Newfoundland and Labrador Development Corporation became the owners of that property the moment the former company, Oceana Seafoods, went into receivership. The Newfoundland and Labrador Development Corporation's involvement in that operation is by virtue of a deal made by the former Administration with the Newfoundland and Labrador Development Corporation whereby they gave them, I think, a \$1.5 million loan to purchase the company from Beothic, and on which they took a first mortgage on the plant. Now, then, once the company went into receivership, then, of course, NLDC had to do what was necessary; they had to protect their assets, had to move in and do what had to be done. Luckily, they found an operator who was willing to move in and do the job without any Government guarantee.

I might add, by the way, Mr. Speaker, that the Government -

An Hon. Member: The Government (inaudible).

Mr. Carter: One second now. The previous Administration had given Oceana Seafoods a \$1.9 million loan guarantee on that operation which the Government will have to pay off, or NLDC.

An Hon. Member: But you just said you were putting no money into it.

Mr. Speaker: Order, please!

Mr. Carter: Mr. Speaker, I do not know what they are trying to make of the Twillingate deal. It is probably one of the best deals ever made by a Government for a fish plant.

Some Hon. Members: Hear, hear!

Mr. Carter: I might say, Mr. Speaker, I give a lot of credit - if the members of the Economic Recovery Team do not do another days work for the next twelve months, they will have earned their keep by virtue of what they did for the plant in Twillingate. It was a fantastic feat on their part, and I give credit to Dr. House and Wayne Humphries, and, of course, not forgetting my dear colleague, the Minister of Development, who helped me spearhead what had to be done there. Mr. Speaker, it was a good feat on the part of the Economic Recovery Team, on the part of the Newfoundland and Labrador Development Corporation, on the part of the Department of Development, and on the part of my officials.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order please! Order please!

The hon. the Member for Torngat Mountains.

Mr. Warren: Thank you, Mr. Speaker. My question is to the Premier. On May 2nd I asked the Premier if he would meet with concerned citizens in Labrador concerning low-level flying. On May 3rd I asked him the same question, and the Premier said, and I quote 'Yes, Mr. Speaker, I will meet with the concerned

citizens of any community in this Province who have established some basis for concern'. I ask the Premier today, will he meet with the concerned citizens in Hopedale?

Mr. Speaker: The hon. the Premier.

Premier Wells: I have not been asked to meet with them, Mr. Speaker. There is no need for me to meet with them. As a matter of fact, I would say on either the 3rd or 4th of May I telephoned Mr. Vincent. Somehow or other, the hon. Member had the letter Mr. Vincent wrote to me before I had it. I do not know how that happens. I do not know how those discourtesies take place, but in any event, they do.

Nevertheless, when I received Mr. Vincent's letter, I telephoned him immediately. I will explain to the House the level of concern, and the House will then understand, I am sure, and endorse fully the action I took.

There is no low-level flying anywhere near the community of Hopedale.

An Hon. Member: That is not true. Not true.

Mr. Speaker: Order, please!

Premier Wells: The Member will have his opportunity to say what he wants when he wants to.

It is true. There is no low-level flying anywhere near the community of Hopedale. The low-level flying of which Mayor Fred Vincent is complaining is taking place some 80 miles to the west of Hopedale, within -

An Hon. Member: (Inaudible).

Premier Wells: I will start again, Mr. Speaker.

The low-level flying of which the hon. Member is complaining -

An Hon. Member: (Inaudible).

Premier Wells: I will start again, Mr. Speaker.

Mr. Speaker: Order, please!
Order please!

I ask hon. Members to please refrain from interrupting. The Chair is trying to draw the conclusion whether the Premier is answering the question. And as long as I get interruptions from my right, it is interfering with my concentration. The Premier is explaining the situation. I ask the Premier to please clue up the answer.

Premier Wells: The complaint I had from Mayor Fred Vincent related to flying that was some 80 miles to the west of Hopedale, Mr. Speaker, within the flying range. What he said was that certain hunters from Hopedale went into that area to hunt caribou and, apparently, while they were there, they claim, a plane flew low over the area where they were hunting. It is within the approved range. I contacted Colonel Engstad and asked him if he would meet with the Mayor of Hopedale and address the question so that it could be dealt with between the -

Mr. Simms: What department is he with?

Premier Wells: I will start again, Mr. Speaker. I contacted the Canadian Forces Officer in charge of the -

Mr. Speaker: Order, please!

Order, please!

The Chair has asked hon. Members to refrain from asking questions. When hon. Members ask question in their place, and I have asked hon. Members not to do that, then a Member will take advantage and either start or address the matter over. If Hon. Members will refrain from interrupting answers, it will give the Chair a chance to tell the Premier he has answered the question.

Mr. Simms: Eventually he has to be stopped.

Mr. Speaker: Order, please!

I make a specific request to the Opposition House Leader, that the Chair will decide when the question is answered. There are firm rules governing that, and the Chair will not tolerate any questioning any further.

The hon. the Premier.

Premier Wells: Thank you. Mr. Speaker, I asked Colonel Engstad to meet directly with the Mayor and I will check and make sure that he has done so. As of this moment, I do not know whether he has or not.

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

Mr. Warren: Thank you very much, Mr. Speaker. I will table a letter which was sent to the Premier. It says the residents of Hopedale are very concerned about military activity in the Hopedale area. I will table the letter, Mr. Speaker, and I will ask the Premier to meet with the town council. It does not ask Colonel Engstad.

Now, Mr. Speaker, I will ask the Premier again, knowing as of yesterday that Colonel Engstad didn't even call the town council, if he is not going to do so, will the Premier meet with the people in Hopedale as requested?

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, when I contacted Mayor Fred Vincent I asked him what he meant by the Hopedale area, and he told me it was about eighty miles to the west of Hopedale, within the range.

Mr. Warren: Within the traditional hunting ground.

Premier Wells: So that is the Hopedale area. Now hon. Members know why I do not rush and jump in the nearest car every time the hon. Member jumps up and says something in this House, because there is usually no sound basis for it. But I will, for the moment, accept what he says, that Colonel Engstad has not yet called. I will have that checked immediately, and hopefully, with leave of the House, I will be able to report to the House today, Mr. Speaker.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: Thank you, Mr. Speaker. I have a question for the Minister of Employment and Labour Relations. The Minister is aware from a question I asked her approximately about a month ago with respect to the Workers' Compensation Commission, that the Commission, or the Board, has, on occasion, overruled the decision of the Workers' Compensation Appeals Tribunal. The Tribunal, as the Minister is aware, is a court of last appeal for the

worker. First of all, does the Minister feel, does she think the Workers' Compensation Commission, or the Board, should have the right to overturn the decisions of the Appeals Tribunal?

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

Ms Cowan: I am not prepared, Mr. Speaker, at this point to answer that question, because I think it is a matter, really, to be settled, first of all, if possible, between the people on the Board of the Workers' Compensation Commission and the Tribunal. There have been, as we are aware, several cases which have been reviewed recently by the Workers' Compensation Commission which they have had some question about, and legally it is their right to do so. That has then resulted in public debate, whether or not this should be the right way to go about it. I have asked the Tribunal, or will be asking the Tribunal and the Workers' Compensation Board to sit down together to see if they can resolve the issue.

I am looking forward to that being resolved. If it is not resolved by that process, then I have some other plans in mind. But it is no use to discuss those at this time; I think we will just cross one bridge as we come to it.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: Thank you, Mr. Speaker. I believe the Minister mentioned at one point in the examination of her estimates that it might be possible to consider legislation on that. I believe, specifically, that would be a

change to Clause 21(3) of The Workers' Compensation Act. Is the Minister considering legislation? Obviously the legislation will not be able to come in in this session. So if there is no legislation in this session, what does she consider as an interim solution to the problem if the problem cannot be solved between the Commission and the Appeals Tribunal?

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

Ms Cowan: I already answered that question, Mr. Speaker. I said, and I will repeat it again for the sake of my hon. critic, I am not making any decisions on it at this point. The matter may very well be resolved by discussions between the two parties involved. Their recommendation might be that legislation be changed, but, again, they may find a simpler and easier solution, which will not require legislative changes.

Mr. Speaker: The hon. the Member for Harbour Main.

Mr. Doyle: Again, with respect to the Workers' Compensation Commission, I would like to touch on the operating deficit for a moment. As the Minister is aware, the operating deficit for 1989 has more than doubled since 1988. I believe it is up to \$52 million now, and I believe it was down around \$26 million back in 1988. Can the Minister tell us why the operating deficit in 1989 has gone to \$52 million?

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

Ms Cowan: Thank you, Mr.

Speaker. What has happened with the reporting this year is it has changed somewhat in the method of the reporting procedures, and that is what shows up this tremendous deficit. It is a large deficit. It did not just suddenly materialize overnight, it came about as a result of the way that it classified the budget. In 1989, the Commission has had to record additional estimated liabilities of \$26.9 million for the future costs of previous rehabilitation and extended earnings lost claims; \$16.3 million is on account of injuries which occurred before 1989, and the balance, \$10.6 million, is for 1989 injuries.

These accumulated liabilities, which were only recently reported by the Commission's actuary, are on account of costs attributable to 1984 legislative changes which could not be actuarially estimated without five years of injury experience. The consequence of now having to report the underestimated reserves for rehabilitation and extended earnings lost, all in the 1989 year, is that the accumulated deficit from all rate classifications has increased dramatically, from 25 -

Mr. Speaker: Order, please!

The Chair was preoccupied with enquiring from my Table Officers on a point when the hon. Member asked the question. I apologize, I did not get the question. But the Chair is always a bit leery when people start reading long statistics. Answers should be brief. It is preferable, if the answer is long, that hon. Ministers table the document. I would ask the hon. Minister to clue up, please.

Ms Cowan: It is a long answer, Mr. Speaker, and necessary for me to read, because it is complicated financially. I certainly, again, would not want to give any information to the House that was not absolutely accurate. I will be only too happy to table the information.

Some Hon. Members: Hear, hear!

Mr. Speaker: Question Period has expired.

Petitions

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

Mr. Warren: Mr. Speaker, I would think, of the many petitions I have been presenting, this is an appropriate day to present a petition signed by a number of residents in Labrador concerning the Air Subsidy Program. The prayer of the petition: We, the concerned citizens, are concerned that the Government of Newfoundland and Labrador has reduced the Labrador Air Subsidy and thereby unacceptably increased the burden of transportation costs for the people of Labrador.

Now, Mr. Speaker, today we really saw in this House a Government committed to Labrador, we really saw it, a Government which has caused another burden on the taxpayers in Labrador, a Government which took almost four months to decide to eliminate a program. I have a feeling the Premier told the two Labrador Members not to be in the House today. It is interesting that the two Labrador Members from the Government side are not in the House today when this Government

makes the announcement.

An Hon. Member: (Inaudible).

Mr. Warren: Now, Mr. Speaker, the Premier gets upset. You know, the funny thing about the Premier is it is his way or no way. Too bad, I say, Mr. Speaker. The truth or not the truth, you people have cut \$400,000 out of the taxpayers' pockets in Labrador. That's what you have done! And not only that, it is most interesting that this morning I heard the Minister of Social Services saying the Government will pay to get refugees out of Newfoundland.

Mr. Efford: That is wrong.

Mr. Warren: Mr. Speaker, the Minister said the Government will pay, and, at the same time, he will not help people in Labrador come to the Province of Newfoundland.

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

I remind all hon. Members that when speaking to a petition they must keep their remarks to the allegations of the petition. Unless the hon. Member is relating his facts to the petition, I would ask him to desist.

Mr. Warren: Thank you very much, Mr. Speaker. Yes, in fact, what I was just saying does relate to a Government expenditure, which the Government is cutting out, for helping people in Labrador come to the Island portion of the Province, while at the same time announcing a program to help send refugees out of the Province.

Mr. Speaker, the Minister could honestly say it is going to cost more to transfer the thirteen

hundred or so refugees.

Mr. Efford: (Inaudible) Question Period (inaudible).

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

Mr. Warren: I just want to say, Mr. Speaker, the hon. Minister and this Government have just made a decision which will hurt the people in Labrador. So the Minister should not be too happy and too proud of this Government which is again socking it to the people of Labrador today. I think, Mr. Speaker, it is ridiculous for a Government which campaigned on a real change and fairness and balance. Unfortunately, as the Premier has told the Mayor in Hopedale - the funny thing about it, Mr. Speaker, is the Premier did not tell the whole story about his conversation with the Mayor, which is most interesting also. The Premier has always said that with fairness and balance everybody will be treated equally, yet at this time and this period the Government has decided to again sock it to the Labrador people. I will continue, Mr. Speaker, in the days to follow, to present petitions for having this Air Subsidy Program reinstated. This is from 127 people in the community of Hopedale. In fact, this is the second petition on the same issue from the people of Hopedale, so they are really, really concerned, Mr. Speaker.

I refer this to the Department to which it relates, in particular the Department of Works, Services and Transportation. In the Minister's budget there is \$8,000 per Minister for a car. That could help alleviate some of the hardship it is costing the Labrador people when they travel

to the Island. Thank you, Mr. Speaker.

Mr. Speaker: Are there any further petitions?

Mr. A. Snow: I am speaking to that petition, Mr. Speaker.

Mr. Speaker: We will go back to that petition. The hon. the Member for Menihek.

Mr. A. Snow: Thank you, very much, Mr. Speaker. I am pleased to have the opportunity to rise and speak to the petition presented so capably by the hon. the Member for Torngat Mountains on behalf of the 127 residents of Hopedale who signed that petition. It is interesting to note that this particular program was announced in the March 15 Budget. The gutting of this particular program, and the other program, the Labrador Travel Program, under the Department of Municipal and Provincial Affairs, was announced in the Budget brought down by this Government on March 15. Subsequent to that date, of course, our Premier had been in Western Labrador visiting, and took the opportunity to go skiing, I believe. After the Budget was brought down, things in Western Labrador, and indeed all over Labrador, have been going downhill ever since.

Dr. Kitchen: Ho, ho!

Mr. A. Snow: Ho, ho! The hon. the Minister of Finance thinks that is funny. He thinks it is funny that 6,000 people in Labrador are not going to be able to avail themselves of an opportunity to get a subsidy to travel to the Island portion of this Province. He thinks that is funny. He thinks it is funny that

the people of Labrador are going to be stepped upon by him and his particular Department in removing this subsidy. It is a claw-back procedure he, himself, announced. He, himself, suggested the reason why the people of Labrador were not going to get the subsidy was because of a tax benefit program he does not fully understand. Otherwise, he would not have said it; he would not have had his proverbial foot in his mouth again; he would not have said it if he understood it properly. But, again, being the type of Minister he is, we understand why he does not understand what is going on in Labrador, and, indeed, possibly in all the rest of the areas of this particular Province.

It is interesting that this Government announced \$50 million in road transportation on the Island portion of the Province, yet did not see fit to continue a program to a portion of this Province which only has air travel as a method of transportation to get to the Island portion of the Province. That is the only method of travel we have. It costs \$724, return air fare, to come to St. John's from Western Labrador - \$724. Previous to this Government's taking office and bringing down this infamous Budget, there would be a 20 per cent subsidy given by the Government; it was brought in twenty-four years ago by a Liberal Administration. This so-called capital 'L' Liberal Administration, which really is a Conservative Government, has seen fit to gut this program and take this benefit away from the people of Labrador.

It is also interesting to note that the hon. the Member for Exploits really told the true

story of how this Government operates, how they attempt to be sneaky and deceitful. They are becoming masters at it, in the sense that they put out this little statement of about thirty seconds, and then he laughs at it. And he suggests a time limit a person has to respond to it. This has been the trademark of this particular Administration. It is unfortunate, and I am sure the people of Labrador, all over Labrador, will be remembering exactly how they have been treated.

I feel, in the fact that this Government suggests it has been budgetary, is completely untrue. They are operating a current account with a \$10 million surplus, so it is not budgetary.

They increased taxes to the residents of western Labrador. In payroll tax, there will be approximately an extra \$3 million coming out of western Labrador alone into the coffers on the Island portion of this Province, and the only way this Cabinet sees to improve transportation in the Province is to buy cars for themselves; so they can go to Cabinet meetings, or whatever they do with them. That is unfortunate, and the people of Labrador are finding it very unfortunate.

Mr. Speaker: Order, please!

The hon. gentleman's time is up.

Mr. A. Snow: Thank you very much, Mr. Speaker.

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, I want to disabuse the House and the general public of some of the nonsense I have just heard from

the hon. the Member for Menihek. The reasons have been explained before by the President of the Treasury Board as to why this subsidy was cut out. There are a half dozen of them, and I will run over them. To begin with, all Government employees in Labrador get fully paid trips. I don't know how many a year, a number. All of the major corporate employers in Labrador give their employees fully paid trips out to the Island part of the Province every year, there is company employee travel. What we were finding was happening is everybody who was being paid fully by Government and by their employers to enable them to take trips, were also claiming the subsidy; in effect, making a profit on the trip.

So what we are doing, Mr. Speaker, is cutting out abuse, and we have left in place the subsidy where the subsidy was necessary. A few people will often spoil it for others, and this is what has happened in this case. I have no doubt there are other genuine cases who never abused it, and I do not mean to suggest that everybody did. But, Mr. Speaker, as well, the Government pays a direct subsidy to the companies in Labrador of \$700,000 a year to facilitate and lower the cost of travel in Labrador.

Mr. Warren: (Inaudible) Labrador, don't be so foolish, boy.

Premier Wells: That is right, we pay \$700,000 a year to ensure that there is assistance -

Mr. Warren: (Inaudible).

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

The Chair has tolerated in the past many, many interruptions from the Member for Torngat Mountains. The Chair is now asking the Member to please restrain himself, or the Chair is going to have to take the appropriate action if it continues.

The hon. the Premier.

Premier Wells: Mr. Speaker, the Government pays that \$700,000 a year to aid in the cost of travel on the coast of Labrador. As well, companies and the Government pay their employees to assist in travel.

There is another factor, Mr. Speaker, which people are forgetting. The northern allowance applies to the whole of Labrador, and this Government contributes to that because we give up tax revenue in the northern allowance. That is not just the Federal Government, the Provincial Government loses as well. Now, Mr. Speaker, let me remind hon. Members that people in St. Anthony have a higher cost to bear to travel to St. John's than do many people in Labrador who get this kind of assistance. So this kind of pained indignation is unacceptable, is unreal, it has no foundation in fact, nor does it relate to the cars that the hon. Member mentioned. The Ministers agreed at Cabinet to try to cut the cost and absorb some of the cost themselves, and that is why this was done. And, Mr. Speaker, we undertake, one year from now, to table precisely the cost of operating cars for this Government and compare it with the cost of the former Government, and what the cost would be. I make a commitment now to the people of this Province that we will do that, and those hon. Members opposite will then swallow their

words and the people of Newfoundland will understand just how false and unfounded their accusations are. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

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

Mr. Rideout: Thank you, Mr. Speaker. I have a petition here, signed by seventeen students at the Community College in Labrador, asking that this Government reconsider and implement the Labrador Travel Subsidy, Mr. Speaker. I am very pleased to take the opportunity to present this petition on their behalf today.

In view of what was just said in presenting or speaking to a petition, Mr. Speaker, I will also respond to some of the remarks made by the hon. the Premier. But, first of all, in the five minutes I have, I want to say this, that this Government has treated Labrador very shoddily in this Budget. The Minister of Finance went into the industrial heart of Labrador and grabbed out \$2.5 million or \$3 million in extra taxation through its payroll tax, and then, on the other hand, began to shave off benefits that were going to individuals in the form, in this particular case, of travel subsidy, Mr. Speaker.

Government employees and employees of large corporations are one thing, Mr. Speaker, but there are hundreds and hundreds, I suspect thousands and thousands, of small, ordinary individuals all over Labrador who at least had an opportunity to take advantage of this Travel Subsidy Program if they wanted to. Why didn't the

Government, if they were worried about abuse, Mr. Speaker, zero in on abuse? They have accountants; there must be a way to find out if there is abuse. Why didn't the Government do that and leave the program intact for those people who needed it? That could have been done, I say to the Government, Mr. Speaker. If the Government had the will to do it and wanted to do it, it could have been done. To try to compare the burden of cost of those living in Labrador with somebody living in St. Anthony, or somewhere else on the Northern Peninsula begs the obvious, that those people living on the Island, in most cases, particularly examples referred to, at least they have an alternative - they can jump in a car. But somebody in Labrador West cannot jump in a car and come in to St. John's. So those kinds of things are just not good enough, Mr. Speaker.

Now, the last point I want to make in supporting this petition is the emotional outburst and emotional indignation of the Premier in referring to some commentary from this side about the new Government car policy.

Mr. Speaker, let me say to the Premier, when the President of Treasury Board made his announcement on that policy last week, he already did what the Premier promised to do a year from now. The President of Treasury Board gave the House the expenses for operating twenty-three vehicles which were operated the year before last. If the Government wanted to be honest, Mr. Speaker, the figures given to this House were for the previous year. If they wanted to be honest, they could have given the figures for the year just ended,

March 31st, when I would think there would have been fourteen Ministers. That is what should have been done. It should have been done last week. The figures for the fourteen Ministers, Your Honour and myself, I guess it is sixteen altogether, those figures could have been given; but, no, this Government, in its attempt to take a few facts and try to deceive, used the figures from the year before last and then extrapolated them over twelve or thirteen costs for the new figures for this coming year, with the new policy.

So the Government gets itself down into a hole and wallows around. Because if it had come forth with the proper information, what it tabled, what it cost for the year just ended, and then gave the difference, we could see what the new policy would end up saving.

Mr. Baker: That isn't in your petition.

Mr. Rideout: That is exactly as much in my petition as it was in the petition the Premier just addressed, Mr. Speaker. Both of us are talking on the same petition subject, both of us have made the same comments. If the Government House Leader wants to rise on a point of order, I challenge him to go ahead and we will see what the ruling will be. But my commentary is exactly the same as the Premier's.

Mr. Speaker, having said that, I am delighted to take the opportunity to present this petition this morning. I hope the Government will reconsider. I doubt it. We saw the reason for this, I think, very clearly in the intemperate remarks of the Premier, when he tried to defend

the indefensible. This is a dark day for Labrador, Mr. Speaker.

Mr. Speaker: Order, please!

The hon. Member's time has elapsed.

The hon. the Member for Menihek.

Before recognizing the hon. Member for Menihek, the Chair will comment on the matter of relevancy which was raised. The Chair had spoken earlier, I think to the Member for Torngat Mountains, pointing out the necessity of staying within the prayer or the material allegations of the petition. When hon. Members wander, they see what can happen.

Now the Member for Menihek was talking about cutting costs and this kind of thing, and relating it to the air subsidy, and that is why the Chair did not interrupt at the time. Hon. Members, of course, will realize that it is sort of accepted that it is tit for tat, and when one Member mentions something, it is obviously proper to allow another Member to comment, unless it is way out of range. Hon. Members will realize that there was some degree of debate in this House at one time on tit for tat, and they could go back to the Administration and find out about it.

The hon. the Member for Menihek.

Mr. A. Snow: Thank you very much, Mr. Speaker. I am pleased to again have the opportunity to speak to this issue which is very important to the people of all Labrador. In fact, while I represent the mining District of western Labrador, the electoral District of Menihek, this petition was presented by the Leader of the

Opposition on behalf of people attending the Labrador Community College in Happy Valley - Goose Bay.

In speaking to the previous petition, the Premier spoke about the reasons why this particular program was gutted, why the people of Labrador will not have this subsidy available any more, why 6,000 people in Labrador are going to be hurt by shared equally, I guess it is, or equitably, to the tune of about \$400,000 to \$500,000 next year because of the gutting of this particular program by this Liberal Administration. He mentioned one of the reasons was that there was a raise or a benefit conferred upon Government employees. That is interesting to note, that people just in Labrador will have to pay this particular raise to Government employees. For Government services being delivered in Labrador we, as residents of Labrador, now have to be the only ones to pay their way to the Island. That is an interesting example that the Premier would bring up.

He also mentioned, of course, that one of the other reasons is that a lot of people in Labrador either work for the Federal or Provincial Governments, or major companies, and they do, indeed, have a travel allowance. He is correct. They do have a travel allowance that enables them to travel at company expense to the Island portion of the Province or, indeed, to, I believe, Quebec City or Montreal. Of course, he also went on to suggest that the real reason, again, was the amount of money this Government lost because there is a tax benefit conferred by the Federal Government - this Government lost revenue because residents of Labrador had this tax

benefit conferred upon them by the Federal Government. That was another reason.

Of course, the only reason why they get to deduct this is if somebody pays it. There are thousands and thousands of people living in Labrador who do not get this deduction. They do not get it, and that is why they needed the 20 per cent subsidy.

Premier Wells: (Inaudible)
Labrador is wrong.

Mr. A. Snow: I am speaking for the people who signed this petition in the Labrador Community College. These people do not work for the large corporations, they do not get the benefit. That is why they needed the 20 per cent subsidy.

The Premier also mentioned about how isolated the people of St. Anthony are and how far they were, how much it would cost the people of St. Anthony to drive to St. John's, or to fly to St. John's. I am not sure if anybody has given the Premier a geography lesson lately, but you cannot drive from Nain to St. John's, you cannot drive from Wabush to St. John's, and indeed, if you drive forty miles, talking about that particular Department, if you drive forty miles from Labrador West down the so-called Trans-Labrador Highway, you will find yourself probably having to get yourself towed back because that particular Department of Government, Works, Services and Transportation, saw fit not to spend one nickel this year, not one nickel, on plowing the snow from the road so that the road would be dried out by now, and now because the contractor has started work in there, it is not fit to

drive upon. He would know that if he knew anything about the geography of Newfoundland and Labrador. I am disappointed, and I am angry, and I am sure that going home this weekend a lot of the residents in my District, in Western Labrador, are going to be disappointed and angry, because they do not all get the tax benefit. They do not all get the travel benefit that the Federal Government gives, and the Provincial Government are now going to be giving to their employees solely on the backs of the residents of Labrador, according to the Premier. They are going to be angry because they are going to be losing the 20 per cent subsidy that has been in place for the last twenty-five years, put in place by the previous Liberal Administration under the leadership of the Hon. Joseph R. Smallwood, and I might add, under the suggestion of an hon. Member on the other side of the House, the hon. Member for Placentia, on a citizens committee recommended to that particular Administration, that they should have an Air Travel Subsidy Program in Labrador. That particular Administration saw fit to implement it and it is unfortunate that this particular Administration saw that it was unnecessary, although it could have been budgetary, a Government with a \$10 million surplus cannot argue that it was because of restraint. They have a \$10 million surplus so indeed it cannot be for monetary or budgetary reasons.

Thank you, very much, Mr. Speaker.

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, I would like to answer some of the

comments made by the hon. Member, and explain to him why, again, his position is without foundation. If he is talking about the students, let me tell you the source of help for the students. If it is students travelling from coastal communities in Labrador they get the benefit of the air subsidy anyway, that the Government pays to the general airlines. Students travelling anywhere in Labrador, or from Labrador to the Island part of the Province to attend university, get additional grants because of the additional air travel costs, additional direct grants to make up for the additional air travel cost, over and above what it costs ordinary students. That is part of the program, too, Mr. Speaker.

Mr. A. Snow: On a point of order, Mr. Speaker.

Mr. Speaker: On a point of order.

Premier Wells: On a point of order?

Mr. A. Snow: Yes.

Premier Wells: If he wants to argue, but it is not a point of order.

Mr. Speaker: The hon. the Member for Menihek on a point of order.

Mr. A. Snow: There is not any program available that I am aware of. Maybe if the Premier could elaborate on the particular program which an individual student could avail himself of to travel to the Island portion of this Province to attend a sick mother, or that type of thing, maybe he could tell me and this House.

Mr. Speaker: Order, please!

There is no point of order.

The hon. the Premier.

Premier Wells: Mr. Speaker, I will start again with the answer to the question. Students in Labrador get additional grants over and above that which students on the Island part of the Province get, specifically because of the additional travel costs for students in Labrador. That is part of it. The Student Aid Program: they get additional grants over and above the amount of student grants because of that. I am told that that is part of it, Mr. Speaker. As well, in terms of travel on coastal Labrador, as I pointed out earlier, the Government's general subsidy to air travel on coastal Labrador applies. As well in terms of medical needs, if the hon. Member is talking about the people who cannot even afford any kind of travel and do not get the benefit of the income tax benefit, the Department of Social Services pays the total cost of travel to the Island for medical needs. So all of these bases set forward by the hon gentleman opposite are, as noted, without any foundation, in fact. The people of Labrador are being very fairly treated and the Government wants to be fair to all its people. We are committed to fairness and balance for all people in all parts of this Province.

Mr. Warren: (Inaudible).

Mr. Speaker: Order, please!

The Chair heard a comment from the Member for Torngat Mountains again, and the Chair has asked the Member for Torngat Mountains to refrain from interrupting continuously, but the Chair will

ask the hon. Member to withdraw the statement that he made.

Mr. Warren: Withdrawn, Mr. Speaker.

Mr. Speaker: The hon. the Premier.

Premier Wells: Mr. Speaker, the other thing the hon. Member mentioned in his representation is that I needed geography lessons about Labrador. Let me tell the hon. Member, in the last two years I have been in every single community of Labrador without exception, and I have grave doubts that the hon. Member has been there in his lifetime - in every single community of Labrador from Nain right down around to the coast and inland. Now, Mr. Speaker, I don't need a geography lesson from the hon. Member on Labrador. Maybe, I could give him one. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

An Hon. Member: (Inaudible).

Mr. Speaker: Order, please! I have asked for order!

The hon. the Opposition House Leader.

Mr. Simms: I, too, have a petition on behalf of a number of residents from the community of Nain in Labrador, and the prayer of the petition is the same as the petitions which have been presented already this morning with respect to the decision by the Government to cut back the Labrador Travel Subsidy Program, and I want to rise to present the petition on behalf of those people from the community of Nain, basically to respond to some of the things that the Premier has just mentioned now in rebuttal to

the points raised by my colleague.

An Hon. Member: Is this a new petition?

Mr. Simms: Yes, it is a new petition from the community of Nain. The points raised by my friend from Menihek, who I believe raised very good points, certainly sincere points, and points with which he would be more familiar with in terms of them being actual concerns expressed by residents of Labrador, being an individual who not only represents a Labrador constituency, but an individual who is in his Labrador constituency every single week of the year. I guess from talking to him and from talking to my colleague for Torngat Mountains, if there is one issue in Labrador upon which the residents of those communities have a grievance with this Government, it is on this entire issue of Labrador travel. I also believe that the people of Labrador, as well as the people on the Island portion of our Province, are beginning to see through this fairness and balance statement that the Government opposite keeps throwing out, in the hope that somehow it will stick in the minds of the people of the Province, that is why they continue to say fairness and balance, because they think by repeating it over and over again people will eventually start to believe it in their own minds. I can say to the Members opposite that the people of Labrador, in this instance, because of this cutback in the travel fund, certainly are beginning to see through that statement which is continuously made by Members opposite. They are beginning to see through it quite clearly.

Now the Premier, in responding to

the last petition, made a comment that there were extra funds for students above and beyond the Labrador Travel Program, and he talked about some funding being available through the Student Aid Program to assist them. Well, that's one thing for students who are attending post-secondary institutions, that's one thing, but what does that have to do with an individual young person or whomever who may have to come to the Island for medical attention or whatever the case might be, there is no extra funding program available for those people and that's the point the Member for Menihek and the Member for Torngat Mountains and the people, the residents of Labrador are trying to make to the Government.

The Premier seemed as if he were grasping at straws to give some kind of rationale for this dastardly deed that the Government has implemented and imposed upon the people of Labrador, when he brought up that if somebody needed some transportation assistance they could go to the Department of Social Services. Yes, and so they can, if they are clients of the Department of Social Services, and the point here is we are not necessarily talking about clients of Social Services, we are talking about people of low to moderate income, low to medium and moderate income, who have difficulty in paying the cost associated with travelling from Labrador to the Island for medical reasons or whatever the reasons. We are not talking about social assistance recipients. Because social assistance recipients anywhere in the Province, if they are clients of Social Services can get that kind of help, so that is nothing extra for the residents of Labrador.

All you have to do is look at the cost of an airfare from, for example, Wabush to St. John's and return, \$724 for one trip, Mr. Speaker. The other point I want to make, of course, quickly, is that it took one-third of the Cabinet, they set up a Cabinet Committee of five or six Ministers, almost, fully one-third of the Cabinet, for six weeks, a month and a half or whatever it has been, to make a decision to reinstate \$100,000 from the sports aspect of the travel fund that we are talking about, but to continue to confirm the decision that had already been made by the Cabinet to eliminate the full \$400,000 travel program that they eliminated in the Budget.

So I do not think it says much for the Cabinet process other than, because of the persistence of the Member for Torngat Mountains, the Member for Menihek, and the people of Labrador, because of their persistence, this Government once again has had to backtrack on a decision that it made in its Budget. It decided to eliminate the Sports Travel Fund of \$100,000, now it has decided to backtrack. So we are halfway there. Hopefully, the people of Labrador, through its representatives, will continue to be persistent and push this Government into realizing what a negative and dastardly deed they have imposed upon the people of Labrador with this other decision. It is interesting to note as well that the other two Labrador Members on the Government side were not even here this morning to respond.

An Hon. Member: That's unparliamentary.

Mr. Simms: I withdraw.

Mr. Speaker: Order, please!

Some Hon. Members: (Inaudible).

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

The Chair wants to make it clear, again, the proper procedures of operating in the House are: if an hon. Member from either side has heard unparliamentary language or something that should be withdrawn, then the Member should rise in his place and say so. I do not know what went on, just that it was not regular. I heard the Opposition House Leader say that he withdrew. So if he did, I trust that satisfies hon. Members.

I was pointing out the proper procedure.

Mr. Walsh: A point of order.

Mr. Speaker: A point of order. The hon. the Member for Mount Scio - Bell Island.

Mr. Walsh: Mr. Speaker, I am not sure where both Members are today. But I do know that one of the Members for Labrador, who has been referred to here this morning, is Chairman of a Committee of this House and is travelling with colleagues from that side as well to another part of this country on business for this House. I have heard two references this morning to his absence. That is not correct. It is not fair to the Member involved who is away from this Chamber on the business of this House. They know that, Mr. Speaker. It is truly unparliamentary what we are hearing over there today.

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

Mr. Simms: To that point of order, I do not want to take up the hon. Minister of Social Services' time. It comes out of his five minute speaking time on a petition. So I will not even respond to that.

Mr. Speaker: There is no point of order.

The hon. the Minister of Social Services.

Mr. Efford: Thank you, Mr. Speaker.

It was almost as bad as last night - when I started to speak everybody left the House over there.

I would like to make a couple of comments because I genuinely believe that the two Members for Labrador really believe in the process that they are going through to try to get the Labrador Air Subsidy put back into place. There is no doubt that they really believe it. But I am surprised that both Members for Labrador - of all the other problems that are facing the communities of Nain, Sheshatshit, Davis Inlet, and all the other social problems - not once have they stood in their place in the House of Assembly and presented a petition on behalf of all the people in those particular communities, and highlight the social problems that those people are having.

Are the Members for Labrador actually saying that the 20 per cent air subsidy that was taken away is the most important issue facing the people on the coast of Labrador? With all the other social problems, the alcohol problems, the child abuse problems, the youth correction

problems, all the social problems just in one community alone in Sheshatshit and the other community, Davis Inlet. Not once has there been a petition presented in this House of Assembly in this sitting concerning the social problems. In fact, Mr. Speaker, the Member for Torngat Mountains -

Mr. Warren: On a point of order, Mr. Speaker.

Mr. Speaker: On a point of order, the hon. the Member for Torngat Mountains.

Mr. Warren: Mr. Speaker, the Minister of Social Services is misleading this House. I presented a petition in this House from Davis Inlet concerning health care.

Mr. Speaker: That is not a point of order.

The hon. the Minister of Social Services.

Mr. Efford: Mr. Speaker, he still does not understand the problems on the Labrador Coast. He was supposed to be representing the people for ten years in Northern Labrador, the Minister representing Northern Labrador affairs and he still does not understand the social problems on the coast of Labrador.

Mr. Speaker: Order, please!

I remind the hon. Minister of Social Services that we are on a petition and that the Member should restrict himself to the material allegations of the petition and speak to it.

Mr. Efford: I agree, Mr. Speaker. I was doing that because

the relationship was brought in by the Member for Menihek when he said that it was the most important thing or serious thing facing the people of Labrador - the air travel subsidy - and I was trying to point out to the Member that that is not so. There are many, many other problems on the Labrador coast that we should be emphasizing. And this Government -

An Hon. Member: You are challenging the Speaker's ruling.

Mr. Efford: I am speaking to the petition. And this Government had already put together two committees. One committee to deal with the problem of air travel subsidy, we have already put together another committee of Ministers to look into the social problems on the Labrador coast, something that was never done by the former Government. And we will, when we go down to Labrador and when we meet with the people from Davis Inlet and Nain, discuss their financial problems, discuss their social problems, discuss the problems that they have in travelling out of Labrador. And as the Premier pointed out, anybody on the Labrador coast in those communities who need cost, for argument sake, on medical travel, they have to come to St. John's to the hospital and they meet criteria of social assistance whether they are on social assistance or whether they are on low income. If their income levels meet the criteria of the Department of Social Services we will pay the full cost or we may pay fifty per cent of the cost of travel into the hospital in St. John's depending on the criteria of their income.

So, this Government is not closing the door on the subsidy or the

cost of people getting into the Province. We are willing to help out. But what we are willing to do is look at the whole problem and treat people equally and fairly. If it is not just dealing with one particular program, we look at the whole social program down there, and that is what I suggest to both Members from Labrador.

While they are on the Opposition bring your concerns to Government as what you see as a social problem in that particular area, not just to deal with one particular thing. You had the opportunity when you were a Minister in Government and you did nothing about it. Now you are on the Opposition and the only thing that you should be doing is highlighting the problems and we are willing to listen Mr. Speaker.

Mr. Speaker: Order, please!

The hon. gentleman's time is up.

Mr. Efford: Thank you.

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

Mr. Warren: Thank you very much, Mr. Speaker. I want to support this petition, Mr. Speaker. I think that it is very unfair that the Premier would give facts to this House that are misleading. I will just give you an example. The Premier said the people on the coast of Labrador were already being subsidized in travel. That is incorrect. Labrador Airways is subsidized not the individual person. I say to the hon. gentleman that it costs \$814 from Nain to St. John's.

An Hon. Member: (Inaudible).

Mr. Warren: I beg your pardon?

An Hon. Member: It would cost more than that if Labrador Airways was not subsidized.

Mr. Warren: Exactly, Mr. Speaker. You are subsidizing Labrador Airways, you are not subsidizing the people who are travelling back and forth. They are still paying \$214 from Nain to Goose Bay, they are still paying it, Mr. Speaker, and it still costs \$814 to St. John's. I think that it is very unfair for the Premier to be told things by other Ministers that he is not aware of.

And the second thing the Premier said was that students get more assistance coming out from Labrador than other students do. That is incorrect. That is incorrect, Mr. Speaker! So, those are two facts that the Premier gave today that are definitely incorrect.

Now, Mr. Speaker, all this Government has to do is reinstate this program. Think about the senior citizens who live on a low income, that he or she might want to come out here and visit their son or daughter. Mr. Speaker, the senior citizen, as of now, cannot save \$173 any longer. Think of those who are not on social assistance who want to come out and visit their sons and daughters, who are not working with Government or large corporations. Think of those people.

Mr. Speaker, in Labrador, there are roughly 33,000 people; 15,000 of those do not come under what the Premier was speaking about today, they are eliminated altogether. What the Premier has done today is he has divided the

people of Labrador. He has divided the rich and the poor, and it is a sad day, Mr. Speaker.

I am glad we have the democracy class from Ascension in the gallery, because I think today they saw the Premier of this Province at his best in democracy, showing fairness and balance. Is this what he calls fairness and balance to the people of Labrador? Today, by this action, the Premier has divided the rich and the poor and I say, Mr. Speaker, the Premier will go down in history as the Premier who has made the 9.3 miles, the gap dividing Labrador and the Straits area, much wider. Thank you very much.

Orders of the Day

Mr. Baker: Motion 2, Mr. Speaker.

On motion, that the House resolve itself into Committee of the Whole to consider certain resolutions relating to guaranteeing of certain loans under The Local Authority Guarantee Act, Mr. Speaker left the Chair.

Committee of the Whole

Mr. Chairman:
Order, please!

Resolution

That it is expedient to bring in a measure further to amend The Local Authority Guarantee Act, 1957, to provide for the guarantee of the repayment of loans made to, and the advance of loans to certain

Local Authorities.

Mr. Simms: Mr. Chairman, if I might, before the Minister of Finance introduces his resolution.

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

Mr. Simms: Just before the Minister of Finance introduces his resolution, I wonder if we could establish some ground rules for debating and so on. I am not sure, off the top of my head, what is in the Standing Orders, but the Government House Leader and I have had a brief discussion, and the ten-minute/ten-minute thing we use in the normal Estimates debate seems to be the most workable and the most productive. I wonder if we might be able to agree on that - of course, giving the Minister fifteen minutes to start, and whoever responds fifteen, but for the normal part, ten and ten. The other thing, of course, we should be aware of is the long-standing tradition in the House when you are debating money resolutions, that there is a lot of leverage given with respect to relevancy - I think there always has been - by the Chair.

An Hon. Member: Leeway.

Mr. Simms: Leeway.

An Hon. Member: Not leverage.

Mr. Simms: Well, some leverage, too, as a matter of fact, but certainly lots of leeway with respect to the relevancy rule. I think it is long-standing, since it is a money Bill, you can discuss whatever you wish. It is up to the Chair.

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

Dr. Kitchen: Mr. Chairman, this Bill is really adding to the schedule of The Local Authority Guarantee Act, and what we want to do, really, is to amend the Act by adding to the schedule a number of guarantees to loans which have been arranged by municipalities for various things under the authority of the Government. For example, the town of Arnold's Cove has borrowed \$20,000, and what the guarantee does really is enable the town to have their loan guaranteed, principal plus interest. Then, when the project for which it is authorized is completed, it is set up as a long-term loan under the NMFC, the Newfoundland Municipal Finance Corporation. It is then paid off over a period of time, partly by the town and partly by the Department of Municipal Affairs, through subsidies, until the loan is finally liquidated.

Mr. Chairman, I do not believe it is necessary for me to speak much longer on this. The communities for which the loan guarantees are listed in full detail, and the proposed term is also listed.

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

Mr. Windsor: Thank you, Mr. Chairman. This is the first time I have had a constituent forget my District.

I want to take just a moment to address this particular Bill introduced by the Minister. It really is a straightforward piece of legislation, rather routine. This is a Bill that comes before the House every year to give effect to loan guarantees issued by the Province to Municipalities across the Province.

First of all, I want to ask the Minister of Municipal Affairs, when are we going to see the list of all the projects for this year? I know there was some approval given earlier in the year for some of the projects, but I do not believe all the projects have been announced for this particular season, of water and sewer. Is that correct? There is still more to come?

An Hon. Member: (Inaudible).

Mr. Windsor: There is no more to come. All the money has been issued. Okay. So we will obviously see another Bill next year to give effect to those.

Mr. Chairman, there is not a great deal that can be said about this particular Bill. As I said, it is really quite straightforward, quite routine. It does guarantee to Municipalities the funds required to repay loans. The only question I could ask would be to the Minister -

An Hon. Member: There is not much in it, is there?

Mr. Windsor: There is nothing in it, no. There is nothing exceptional in it - routine. I do not think we need to take a lot of time of the House.

I want to ask the Minister of Municipal Affairs again, because there is nothing in it from a finance point of view, a straightforward guarantee of loans to municipalities that borrow money that provide water and sewer services.

I should make note, particularly for the young people in the gallery, that when the Minister of Municipal Affairs gets up and

makes these great announcements about all the money they are spending on water and sewer this year, they are not spending a penny. All they are doing is giving Municipalities approval to borrow money for water and sewer. There is no grant component to these projects.

An Hon. Member: (Inaudible) pay 20 per cent.

Mr. Windsor: They pay 20 per cent maximum of gross revenues collected toward their debt servicing on water and sewer, that is right. But there is no grant component in the announcements that are made by the Minister. When the Minister announces \$2 million has been approved for water and sewer in the St. John's urban region, that is a loan to the City of St. John's, or to the City of Mount Pearl, or whichever municipality it is in. When he announces \$300,000 going into Bay Roberts, it is a loan to the town of Bay Roberts. What this guarantee does is guarantees that if the municipality can't pay the money back, the Province will do so on their behalf.

As the hon. Member pointed out, the program has been to municipalities that they will not be expected to pay on debt servicing more than 20 per cent of the gross revenues collected by the municipality.

What I would like to know from the Minister of Municipal Affairs - I am sorry. He is leaving now. Oh! the Minister of Finance is gone too. Maybe somebody could answer me. They are all gone out into a huddle now. Has any thought been given to reducing that subsidy guarantee? Has any thought been given to reducing it, or

increasing the amount from 20 per cent and making it higher, so that municipalities have to pay a greater percentage? The Minister of Municipal Affairs has been quoted many times as saying municipalities have to bear a larger share of the burden of financing services in the municipality. I do not think anyone will take too much exception with the concept. I think it is a matter of application and a matter of degree, and the matter of the municipality's ability to pay.

Now, the concern I would like to get into, and I wish the Minister of Municipal Affairs was here, because he and I talked about it privately. The Premier is paying attention, and I am pleased with that. The problem we have in this Province is that the cost of servicing in municipalities is not equal in all municipalities. Some municipalities can provide a water and sewer system for, say, 500 people at a cost of about \$10,000 per house. In other municipalities we have seen the cost go to \$100,000 and \$150,000 per house. An incredible cost in some of the rural and remote parts of the Province, depending on soil conditions. If you are building on solid rock, you have a serious problem.

The Minister of Municipal Affairs and I have had some private and personal conversations in more relaxed times over this, and he knows what I am talking about. But I really do, once again, want to urge this Government to consider the concept of the level of servicing that is appropriate and that is affordable in various municipalities. And I think we really have to look at, and I think the Minister will agree with

this, because he has so many times said municipalities have to bear a larger share of the burden of providing services, the concept of capital improvement assessments. Where an individual owns a piece of property and water and sewer services are provided, then a capital improvement assessment should be placed on that lot so that person, that property owner, pays a fair share of the costs of that servicing. Because once you service a lot with water and sewer, the value automatically increases by \$10,000 to \$15,000 instantly, the moment that those services are available. If you are on a huge lot, if you happen to be in a rural community of Newfoundland where you have eight or ten acres, as you might well find in Dunville, and the water and sewer services go in front of your lot, not only are you increasing the value of your own home and the services that are provided to it, but you have probably created eight or ten building lots, fully serviced, which could be sold. I would say, in the town of Dunville a building lot would sell for \$10,000. A reasonable guess, \$10,000? So, if you happen to own ten of them, you have just picked up \$100,000 on the backs of the taxpayers, first of all of the people of Dunville, but if the debt burden is greater than 20 per cent, on the backs of the people of the rest of the Province.

So, this is something I think we really must be looking at. It would be interesting to see how much of this debt will actually be repaid by the Province. In how many instances are we paying back debt which was essentially used to provide people with a much more valuable piece of property which, in many cases, they may have sold

and made a profit from? I think all people in this Province, all taxpayers in this Province would object to that.

The program the Government has, the concept of it, the theory of it, is to provide a reasonable level of service to all Newfoundlanders and Labradorians, and all Newfoundlanders and Labradorians will chip in there and assist, to a certain degree, those municipalities which have an essentially higher cost, and who need a little bit of service to spread the burden as much as possible over the Province. But we must be very careful to ensure that there are not individuals out there who are profiting from the fact that these services are being provided.

I think the Mayor of Dunville, or the former Mayor of Dunville - he is no longer the Mayor I wouldn't think - the former Mayor of Dunville, who served as Mayor and served very well for many years, knows exactly what I am talking about, and this is a problem which all municipalities are facing.

I also, once again, want to emphasize to the Minister, and he knows what I am talking about, that we really have to look at the level of servicing. We do not need the cadillac water and sewer services in all municipalities in this Province. We had municipalities in this Province when I was Minister of Municipal Affairs, in 1979, like the town of St. Phillips. The Mayor of St. Phillips at the time, Mr. Tucker, came in and he said we like our community the way it is, we don't want it fully serviced. We don't want to have another Mount Pearl in St. Phillips, we don't want that level of servicing, we like

the rural servicing. What we want are planning controls to ensure that we do not have so many homes built there that it is impossible to service them with well and septic tank.

And this is always the danger. I think they have stuck with that, and the town is progressing well. I compliment the town of St. Phillips because there is no in between. You plan so that you are a rural community which can be serviced by well and septic tanks, and that is an acceptable system properly done and properly designed, properly installed and maintained, septic tanks primarily.

That is an acceptable system, but once you get away from that, once you start doing as has happened in Conception Bay South, and this is what happened in Conception Bay South: so much building took place that eventually homes became closer and closer and closer together, where everybody's well was being polluted by their next door neighbor's septic tank, and we had a major environmental problem. We have spent \$35 million or \$40 million on Conception Bay South; we have another \$70 million to \$100 million that will have to be spent there yet before all of those homes are properly serviced, and the town of Conception Bay South will never even pay the interest on those loans. So we cannot allow that situation to take place in other parts of the Province. And it comes from proper management and proper planning and control in those municipalities, and that is the key, I say to the Minister of Municipal Affairs, in ensuring that we do not build a debt in future years that is really going to stagger the Province.

There is really nothing in it from a financial point of view, but I just make those points for hon. Members and hon. Ministers. I would hope the young people in the galleries learned a little bit about the financing that goes into their municipalities, and how they repay it, and the role they play as private citizens.

Some Hon. Members: Hear, hear!

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

Mr. Gullage: Mr. Chairman, as the Member has said, and the Minister said as well in introducing this Bill, the Municipal Financing Corporation is used as an instrument to provide long-term debt to be able to finance water and sewer and roads over a longer period of time, usually fifteen to twenty years, using debentures within the Corporation. In fact, in the first instance we use bank financing mostly to start the project and bring it to a point where it is complete, or substantially complete, and then the capital interest to that point is capitalized and rolled into the Municipal Financing Corporation where we use debentures to put it on a long-term basis. It is not entirely correct to say that the Province does not contribute in a substantial way to the debt of municipalities as far as water and sewer and roads are concerned, because certainly we do.

One of the things that was rather interesting, when we had a recent review of all grants and all incentive programs to municipalities done, all the ways we assist municipalities, we asked the consultants along with our own financial people to review every

program we had within our Department and advise us as to where changes should take place and how better we could address the needs of municipalities and assist them with their revenues, debt, and so on. The results of that were very interesting. I guess the key point was they pointed out the differences between, not that it was any great secret, but they pointed it out in some detail, by giving us a financial analysis of every community in the Province after having done a pilot group, an initial group which they used in their initial calculation, some twenty-five communities of varying sizes.

I then asked them to take the entire Province, all the municipalities and run them all. Having had the computer programmed, of course, and all the work done, it was relatively easy to do that. But what it pointed out, of course, is that we have communities of varying kinds throughout the Province. We have some communities which are really in dire straits, in a critical situation in need of servicing. You have heard we speak many times about the difficulty of our terrain, topography, and being able to provide water and sewer services, particularly on the coast line where, in most cases, it is solid rock. We have communities like that which have very little industry, some of them, very little business, and they are relying on a very small amount of revenue to survive. I suppose you could say that is one category of communities which will probably for a long time need provincial support, need dollars from the Province in a greater percentage, if you like, than other communities.

We have another broad category of communities somewhere in between, which have some industry and some business, but nothing compared to some of the larger centres in the Province which are relatively well-off. They, too, need assistance, but not to the same degree as the first group I mentioned.

Then we have a smaller group of communities which are very well-off, self-supporting in some cases. I could use St. John's as an example of that, where we do assist them behind the scenes with incentive grants, tax incentive grants, and other kinds of incentives, but they are substantially self-supporting. Last year, for example, rather than use provincial borrowing and impact upon my announcement of a Capital Works Budget of some \$58 million, rather than impact upon those dollars and take dollars away from other parts of the Province, particularly rural Newfoundland where the need is most critical, I asked St. John's if they would go to the market and do their own borrowing and free up the amounts that would have been included in the provincial borrowing for other communities. Because they could do that, and they could access funding on the market and be accepted because of their situation, their good revenue base, the fact that they have substantial residential revenue as well as industrial and business revenue, because of the assets they have in place and the relatively low debt, they were able to, in fact, go to the market on their own and they have done that.

Provision of services in this Province provides a unique challenge compared to any other

Province in Canada. We have so many communities in need of servicing that indeed we do have to look at other ways of providing the servicing, except very expensive water and sewer systems. So we are considering locations in the Province where a well and a septic tank would be adequate. Mostly, mind you, it is away from the coast of the Province. It is very difficult to work on the coastal part of the Province with artesian wells, for example. It is very difficult to drill them in many locations, but certainly we are looking at other alternatives for servicing, as long as the lots are large enough. Because we have had problems in the past where communities have come to us and said, Let us proceed with water and sewer on the basis of a well and a septic tank, whether it be artesian or a dug well, and, then, before you know it, in-fill is starting to take place and the wells are becoming polluted. It has caused terrific problems almost everywhere I can name in the Province. It is okay in the first instance to say it is all right, a well and a septic tank will suffice, but unless the lot itself is large enough problems will occur in the future. Councils promise, of course, that they will never allow in-fill and everything will be fine, but we know what happens; in-fill takes place, it becomes more congested than they say it is going to, because people demand it, of course, every piece of land has to be occupied.

But the only real way to provide a service that is going to be safe and is going survive into the future without pollution, is regular water and sewer systems, which are more expensive. But I

do believe we can consider a well and a septic tank situation if we can come up with a larger lot size, and we are looking at that. Right now, of course, what mostly happens is people go to the Departments of Health and Environment when they are looking for approval, and they end up asking for the minimum, less than a half acre lot, and this is just not working. It is working in some locations, but in the main it is not working. And I have been encouraging a lot of the mayors in particular, and their councillors, to consider having larger lots. If they are going to come to us looking for approval, we don't want to be caught five years from now, as we are now, trying to correct bad decisions which were made in the past, where we have allowed wells and septic tanks in locations with lot sizes that are just too small.

We are going to address, of course, the problem with them. We are addressing them with the amalgamation procedure to a large degree, to a very large degree, because the importance of planning is the number one reason for considering amalgamating communities. I stand to be corrected, but I would say of the forty-three groupings in the amalgamation process, at least half of them are situations where smaller towns have grown up around a larger community, a larger town or a larger city, as a result of people wanting to go away from the more expensive tax base, if you like, higher taxation, and go out and purchase a lot nearby that is less expensive.

To give an example close to home, right here in the St. John's - Mount Pearl area, if you talk to a councillor on the St. John's

Council or the Mount Pearl Council, just to use two of those as an example, they will both tell you that where once the exodus was out of St. John's, out into the surrounding communities, people were saying, Well, I can't afford to have a lot in St. John's, so I am going out to wherever it happens to be, in one of the other twenty or twenty-one communities which surround St. John's, now we have Mount Pearl saying it. Only recently I heard one of the Mount Pearl councillors say it is terrible, because people are now saying, Oh, I am not going to build in Mount Pearl, because I can get a lot cheaper in another community outside St. John's and Mount Pearl. So it goes on and on, and the next thing you know young couples from Paradise getting married are saying, Well, I am not going to build in Paradise where my parents are, I have to go to Conception Bay South, or I have to go to Holyrood, or whatever.

So, you see, there is a natural movement away from the areas where the taxation is a little bit higher but where the services are provided. Of course, we can let this go on and on, and let communities and people go out into the countryside, and let ribbon development happen all over the Province -

Mr. Chairman: Order, please!

The hon. the Minister's time has elapsed.

Mr. Gullage: - as certainly has happened. There is no question, Mr. Chairman, that we have to make changes, and the key word is we have to provide good planning.

Mr. Chairman: The hon. the Member

for St. John's East Extern.

Mr. Parsons: Thank you, Mr. Chairman. I couldn't let this Bill go by without having a few words to say about municipal planning.

Mr. Simms: You let the cat out of the bag this morning, boy!

Mr. Parsons: I know in my own constituency we have problems, and, I suppose, some of the problems are not easily addressed. It is fine to say we are not going to spend money for a lot of different reasons, but I know in my district alone, where the need is great, again because of in-filling, because of poor planning before even councils took over -

Mr. Simms: In the Liberal days.

Mr. Parsons: In the Liberal days. Yes, indeed.

- we are now faced with a big problem, a much larger problem. I have some feelings myself on what transpired. I was part of that process for a number of years, in one small town.

I will just relate, first of all, Mr. Chairman, to this year's capital grants. In Pouch Cove, which is partially serviced, I think close to 80 per cent before they took over Shoe Cove, which is now Pouch Cove, but at one time was a small town with its own identity, the percentage serviced is now about 64 per cent. But, again, they have problem areas. This was done before the inception of the town council in Pouch Cove, especially on the Bauline Line area, where there are real problems as it pertains to sewage and water. There are no ifs, and

or buts about it.

I am at a loss to understand why this situation has not been addressed by the hon. Minister or his Department officials. Because, as far as I am concerned, there is a need there health-wise; it could create health problems for that entire area. People have been in to see me, delegations have been in to see me, and I have gone to those areas where the sewage was really coming up through the ground, and twenty-five to fifty feet away there is a fellow's well. I mean, it was poor management in the first instance, but what can we do now, move them out of it and pay them for the lots? I mean, certainly they were allowed at that particular time; it all had to be okayed by Health and Highways. I think those were the only two governing bodies at that time. But they were given the green light, and they built their houses with good intentions. Now they find they cannot drink the water - water has to be carried there. The lots just were not big enough. What the Minister said is true, the lots were not big enough in certain areas, where the soil formation could not absorb sewage to any great extent.

Mr. Chairman, I always find when we talk about water and sewer, especially in rural areas of Newfoundland, especially in the Bays where we have raw sewage going into those coves, and I think that there is going to have to be a lot of planning. I know to get treatment plants for every small community, every small town is going to be costly, but I also see that environmentally it might be more costly to run that raw sewage in those little bays. I mean we had in Trinity Bay and

Bonavista Bay and Conception bay, we had areas where up until perhaps fifteen years ago there was a very large quantity of fish entering right into the wharves and little cubbyholes, whatever, little coves, rises, whatever you want to call them.

An Hon. Member: Many of our basin harbours are dead now.

Mr. Parsons: That is right. And now I think at one place in time over in Harbour Grace - Carbonear they stopped the shellfish fishery this year because of contamination. And, you know, there is a problem out there and I am convinced that if we do not address this problem now there are going to be greater problems down the road. I am not going to mention the name of the community, but on my way to work - I have seen it - in the early morning when you can look out in that bay and you can see, get an outline of where that sewage is going. And you can see out quite a distance. You can see hundreds of feet.

An Hon. Member: (Inaudible).

Mr. Parsons: In every community. Now, I want to address that situation to the Minister of Municipal and Provincial Affairs if I could get his attention.

An Hon. Member: It is a very important issue.

An Hon. Member: He is trying to get some money from the Minister.

Mr. Parsons: He is trying to get some money from the Minister. I know, and the Minister is reluctant to give any monies without -

An Hon. Member: Except for cars.

Mr. Parsons: Except for cars. I wanted to address this to the Minister.

Some Hon. Members: (Inaudible).

Mr. Parsons: NIS and cars. He will not give you any money I want to remind the hon. the Minister of Municipal and Provincial Affairs, our Minister of the short and the curly is not going to give out any monies only for cars and to the NIS.

What I was saying, Mr. Minister is very simple, that I have grave concerns and there are more than - I am not just speaking for myself because other people have grave concerns out there as it pertains to the rural areas, the small coves, the small towns that are running raw sewage right into their small rise, bays and whatever.

Now, some of them do have a good dumping system, but I am leery about the whole situation. In fact, like I said, go back fifteen years ago when this was not prevalent, you had fish coming right into the wharves into the coves. You could go over in Trinity Bay right up in Old Shop and all those places right down the shore, Dildo, you know. There are two places to speak about. The fish was right into the wharves. You could go over there and find cod traps set right to the wharves. And I am wondering if because - I am not wondering, I mean there is some factual experiences out there right now where places are being contaminated, and I want to ask a simple question. Is it because of this pollution, contaminants, is it because of this that the fish are not there now? I mean, we do not know. It has been proven over

this past number of months that there is very little we know about the fishery, even on a scientific level there is very little known about it.

But I will guarantee you, and the Member for Placentia knows what I am talking about, you can go around to all of those little coves now and you will not find in any instance what was happening there twenty years ago. Perhaps it is playing a role, but you can certainly see in a number of communities that this effluent is causing a problem, and the Minister of Municipal Affairs has to address the problem. We are going to need sewage treatment plants in every small community, every town. If they are going to run raw sewage then that raw sewage has to be treated before it enters that harbour or bay. And I hope that the Minister at some time in the future will address that concern.

Now, I want to go back again and talk about the town of Flatrock, not because that is my home town, but it was one of the towns that was not funded in this years capital grants. Flatrock has some pipe in the ground and they were led to believe at that particular time or they were under the impression, that until some houses or one/half of the houses in the community were serviced then there would be no service charges. Now that is the impression that they had. I did not know it at the time. I was not part and parcel of the council at that particular time but in a Minute of Council this is what it states. They were led to believe that there would be no service charges until the system was in, or part of the system, 50 per cent of the community was serviced. Here we

are now with X number of feet of sewage and waterline in the ground servicing no one, not a house, and no funding. So it is there in the ground. They are having to pay for nothing, not a thing. Even with the \$500,000 that was offered by the Minister, if they rose the mil rate to 13 mils, if they had done that, we would still need four more years to get to the first house. The small community does not have a great tax base.

When I went and check this over with Municipal Affairs, the property value in Flatrock was approximately \$15 million. We did a calculation on it, and there was no way that could come up to \$15 million. Now, believe it or not Flatrock denotes or spells out what it is, Flatrock. When you go along by the shore you can certainly see where it got its name. But on the back of Flatrock there is a large area of farmland, a very large area of farmland and, I think, that in coming up with the \$15 million all of this was taken into consideration. But farmland should not be taken into consideration when the assessment is made. So now they are looking over -

Mr. Chairman: Order, please!

The hon. Member's time has elapsed.

Mr. Parsons: By leave, just to clue up.

Some Hon. Members: Yes, carry on. Agreed.

Mr. Parsons: What I am saying is, now they are saying over there they are going to have another assessment done. In essence what I am saying is that the 13 mils that the hon. Minister's Department said that Flatrock

should charge, was never right in the first instance. It was a miscalculation. They never should have said it. Now, they have been subjected to this 13 mil rate, do it, or else you will not get any funding, when in essence the 13 mil rate was not right in the first instance. I say to the Minister now, I ask the Minister now to go back and ask his officials to make a new calculation, to come out with a new mil rate based on that calculation. The calculation of \$15 million as it pertains to property value in Flatrock is not right. With that, Mr. Chairman, I thank you very much.

Some Hon. Members: Hear, hear!

Mr. Chairman: Shall the resolution carry?

The hon. the Minister of Finance.

Dr. Kitchen: If no one else wishes to speak.

Mr. Simms: It depends upon your remarks (inaudible).

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

Dr. Kitchen: Well, I think I would like to say a word or two. It has already been mentioned, but I would like to stress that when Government guarantees are given to municipalities for bank loans and they are eventually set up, the principal plus the already accumulated interest, under the Newfoundland Municipal Financing Corporation as a long-term loan with the Province paying off a certain proportion of that loan, and the municipalities being expected to pickup the balance of 40 per cent or whatever it is, there is a fairly heavy

responsibility on the Province here. So we have to be fairly careful about the amount of money that we allow communities to borrow. It is important because it does have a direct impact on Government revenues, as has already been said. Also, I might say that if municipalities keep their tax rates low, - there is also another factor in here and that is the 20 per cent. The obligation, as I understand it, is that municipalities are obliged to spend no more than 20 per cent on handling their fixed debt. That means that if rates are kept low, then the Province has to pickup not only the Province's share but also part of the municipal share.

An Hon. Member: How much is the Province's share?

Dr. Kitchen: Well, I understand that the Province's share on some of those loans could be 60 per cent, if it is a 60/40 loan, or whatever it is. I am not absolutely -

An Hon. Member: There is no cost-sharing on water and sewage. There is 60/40 on (inaudible) but not on water and sewage. The only part that the Province pays is -

Dr. Kitchen: Alright.

If the municipality is unable to come up with its share of the money, that means the Province is caught. And we have to be careful here. I believe municipalities must be very careful, that when they put forward these requests, that they are prepared to pay whatever share it is for them. We have to be quite careful about that.

The other thing I wanted to say, Mr. Chairman, was that the money

for this is borrowed by the Municipal Financing Corporation on the capital markets. We put together a loan the other day, and I think we borrowed something like \$25 million. The rates vary from time to time, if it is ten per cent, the NMFC is able to, does charge interest on these long term loans to the municipalities, which is the ten per cent at which they borrow plus an additional amount for servicing this loan. There are certain people who are involved in the borrowing of it, and their salaries have to be charged up, and there are a few other little odds and ends.

The rate at which the Municipal Financing Corporation borrows is not quite the same rate as the municipalities pay, but it is pretty well the same, because the differential is very small.

The main point I want to make is, there is no free lunch here. The amount of money that has to be borrowed has to be repaid, sometimes by the municipality, sometimes by the Government. We have to be very careful of how we handle it.

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

Mr. Windsor: It is clear that the Minister is not fully aware of the circumstances of municipal loans.

It is very clear. There is no cost sharing program on water and sewer, except for certain exceptional cases. On a regional basis there have been some grant portion given to the urban region system, and there has been some provision made in central Newfoundland on a water treatment plant, because of a serious, serious problem. These have been

exceptional things and generally dealt with on a regional basis. But there is no program of providing grants to municipalities for water and sewer. There is none whatsoever. The community is responsible for one hundred per cent of the cost of that water and sewer, I say to the Minister, one hundred percent. The sixty/forty program the Minister referred to is a roads program, where the Province pays sixty per cent of the cost of upgrading roads in the community. And the municipality is expected to pay forty per cent. But on water and sewer, there is nothing. The only component that the Province pays is anything over and above twenty per cent of gross revenue of the municipality.

The Minister is talking now about an additional amount that is charged. Is this another guarantee fee? Is this another guarantee fee as we are seeing in Newfoundland and Labrador Hydro? Ah, my bulb is on now, so the speaker is finally turned on!

An Hon. Member: (Inaudible).

Mr. Windsor: Do you want me to say it again?

An Hon. Member: Say it again.

Mr. Windsor: The hon. gentlemen are enjoying it so much, they want me to repeat it. But I will not do that, Mr. Chairman, I think they heard me, with or without the speaker, Hansard may not have.

Mr. Chairman, my question to the Minister is this: Is the Minister now saying that he has somewhere along the way instituted a guarantee fee on municipalities? Are we now charging municipalities for the

fact that the Province is guaranteeing the borrowing for this Province, or is it an administrative fee? I think there always was a small administrative fee, the actual cost of these borrowings. I think we probably did consider the salaries of a few employees in the Department of Finance that dealt with the Newfoundland Municipal Financing Corporation, and any expenses involved as the Minister said, in issuing the bonds required to raise this money. And I think that is right. Those that are borrowing on behalf of municipalities, the cost includes not only the amount of borrowing, but the actual cost of doing the borrowing. I do not have a problem with that, if that is what the Minister is saying.

I want to be very clear, and I think this House should know, Mr. Chairman. Is the Minister saying now that there is a guarantee fee over and above that, as is being charged now to Newfoundland and Labrador Hydro? Are we charging municipalities one per cent for the fact that the Province is guaranteeing it, that the municipalities are using the Province's borrowing power to get more favorable interest rates? In fact, to be able to borrow in the market at all, the Municipalities are not able to, certainly not without the Minister's approval. Let me ask that specific question to the Minister. I accept the fact that there may be an administration fee, which I hope is simply recovering actual out of pocket expenses, actual costs of doing the borrowing. But is there a guarantee fee over and above? Is the Province profiting because they are guaranteeing municipalities in the same way that they are guaranteeing

Newfoundland and Labrador Hydro, and now charging them \$10 million a year for the fact that the Province is guaranteeing the borrowings of Newfoundland and Labrador Hydro. Maybe the Minister would answer me that.

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

Dr. Kitchen: We are talking about the administration fee, the cost of borrowing the loan. There is no guarantee fee as such. I would like to stress, though, while I am here, that quite often the Government does pick up the amount that municipalities do not pay. With municipalities restricted, usually, to 20 per cent of their revenues to pay for fixed debt, quite often the Government has to pick up a fair amount of the charges on loans. I think this should be looked at. It is a serious question. The question is how high should municipal rates be? Should it be high enough to service a loan that has been made? If it is not, perhaps what we have to do is decide whether the Province is going to make grants or change the ratio. But the fact that a fair number of times, the Government has to come in and pick up what municipalities would normally be expected to pay is a serious question.

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

Mr. Windsor: Mr. Chairman, I appreciate the Minister's comments there, and I think it is an important question. Because there are municipalities in this Province which will never hope - as I mentioned in the case of Conception Bay South, and I do not say that in a derogatory fashion of Conception Bay South; it is

something that happened over a long period of time and it is just not financially possible for the town of Conception Bay South to install \$100 million or \$120 million worth of water and sewer that they need to deal with that health problem and be able to pay for it all themselves, certainly not in the short-term. That is an exceptional problem. But there are municipalities - and I think this is what the Minister was referring to - there are municipalities who are not paying their full cost of water and sewer services, who are requiring subsidy from the Province by way of paying off the loans through Newfoundland Municipal Finance Corporation. Some of those are legitimate, as I mentioned in my earlier comments today. Some are legitimate because of the extreme cost of servicing in those particular municipalities. I think it is fair, and I do not think Newfoundlanders anywhere in this Province would disagree with helping those people receive a fair level of servicing in their community, within reason.

What I am concerned about - and I think the Minister of Municipal Affairs is certainly concerned about it, because he has spoken about it - is our municipalities that are not paying a reasonable level of taxation; and I say 'reasonable', keeping in mind, not only in comparison to other municipalities, but in comparison with the ability of the people of that community to pay. It may be fine for the resident of Mount Pearl, who pays, on the average, well over \$1,000 per home in the city of Mount Pearl. Those people who are, generally, both husband and wife, gainfully employed in an urban setting, with a fairly significant income, probably are

quite able to pay that. If they were not, they would not be living there - it is as simple as that - they would be living in a smaller accommodation. But you can't compare that - and I will take a name without trying to single out anybody, but I will use the community of Grates Cove on the tip of the peninsula near Baccalieu.

Grates Cove, I know from experience, have had very expensive community services, all along. It is solid rock, pretty well, throughout most of that community, so I am sure the cost of servicing the community of Grates Cove is quite high, and I would doubt - I do not know, I am using it as an example, I should have said Hodgewater Cove or something like that, but that does not apply. I do not mean to single out the community of Grates Cove for any particular reason, under the circumstances. But perhaps, the community of Grates Cove is being subsidized, and the question would be, what is the level of taxation there? Certainly, it is not appropriate that the people of Grates Cove would pay the same tax as would the people of Mount Pearl.

Where you are talking about water and sewer assessment: Generally, in most communities, I think, the Minister has indicated that in order to get water and sewer funding the municipality is now required to impose a tax of \$144 per year, \$12.00 per month? I think that is a general guideline. Certainly, that is one that is encouraged. I am not sure the Minister is enforcing it, or making it mandatory. But what is being paid in a community, the hypothetical community of Grates Cove? Is there \$1.00 or \$2.00 a

month being paid, when maybe they should be paying \$4.00 or \$5.00? They probably cannot afford the \$12.00, depending on the income level of the community. I think that needs to be looked at. I think that is an important point.

Now, the Minister made mention of something else, and it slipped me for a moment. There was another point I wanted to respond to in what the Minister has said. Perhaps I will come back to it because I cannot think of it at the moment. There was another point I wanted to mention.

An Hon. Member: (Inaudible) change in the system (Inaudible).

Mr. Windsor: The Minister has talked about changing it, but is he going to change the system? Is he proposing to initiate a guarantee fee? I now recall the point I wanted to get into. The Minister talked about some municipalities receiving some subsidies and some which are not, and that is quite true. The Minister was quite accurate in what he said. The Minister must know, or maybe he would think about it, that the municipalities that are not receiving any subsidy are generally the larger municipalities, the more financially viable municipalities. I am sure that St. John's, Gander, Grand Falls, and Corner Brook, all of the larger communities, and Mount Pearl, none of them are receiving a subsidy on their water and sewer loans. I think that is true. How then does the Minister of Finance justify imposing the payroll tax, because it is primarily those larger communities that will have sufficient payroll that they would be impacted on by the payroll tax. Here are the larger

communities who have the highest tax level, impose the highest tax burden on their residents, they are paying their way in water and sewer and generally everything else, and I can say without any fear of contradiction that the city of Mount Pearl does not receive one cent of subsidy on anything. They have received a 60/40 program on roads, as is available to every other municipality. They have received a subsidy of \$49,000 a year, and they probably still do. The Minister of Municipal and Provincial Affairs may or may not know. A \$49,000 a year special subsidy that was provided by the first Premier of this Province, back when the initial system was put in place, and that was there for many, many years, but other than that there was absolutely no subsidy.

An Hon. Member: (Inaudible).

Mr. Windsor: That was a \$49,000 special subsidy, a water and sewer installation subsidy, or something. It was most likely an election promise. All the roads in Mount Pearl were paved on election promises by the former Premier, Mr. Smallwood, who said, if my Member gets elected in the Mount Area, that being part of St. John's North then, if you elect my Member I will pave all the streets in Mount Pearl, and he did. The people of Mount Pearl were well advised to keep their cats and dogs indoors on the day they paved because they rolled out over anything in sight. There was no preparation of road bed whatsoever. Sticks, stones, cans, dogs, cats, rubber balls, baseball bats, anything at all that was in the way, asphalt was laid over. The Premier did keep his promise, I give him credit for that.

An Hon. Member: He was quite open about his pork barreling.

Mr. Windsor: The streets of Mount Pearl were certainly paved as the former Premier promised, not very well done, but paved. They have survived for a long time, but most of them have now been rebuilt and brought up to a reasonable standard. But I think the point that needs to be made, Mr Speaker, is that the larger municipalities are the ones that are paying the cost of their water and sewer services. They are the ones that are imposing the highest level of taxation on their residents, and they are the ones who in turn are being thanked by the Minister of Finance by having a payroll tax slapped on them. Maybe the Minister would like to comment on that?

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

Mr. Hogan: I almost fell down, Mr. Chairman, because I thought you were not going to recognize me.

I was about to open my remarks by saying that I agreed with everything that the Member for Mount Pearl was saying about municipal financing and municipal installation of infrastructure up until he got to, and I would like the record to show, until he got to mentioning the payroll tax. He cut me off right there. However, it's -

An Hon. Member: It's true, though, and accurate.

Mr. Hogan: Yes, but it's the undertone of what you were saying. You were saying we were penalizing those larger municipalities, and that was not the intent of the payroll tax.

An Hon. Member: No, but that is a fact of life.

Mr. Hogan: It is a fact of life, yes, I will buy that part of it.

An Hon. Member: It is also a disincentive (inaudible).

Mr. Hogan: I wouldn't say so, no.

An Hon. Member: (Inaudible).

Mr. Hogan: It would, put in the context to which the Member is alluding to, that it is a disincentive when one examines it closely, but I don't think that the major benefits that can be accrued from some amalgamations, certainly ones with which I am familiar with, and which the hon. Member for Mount Pearl was a great advocate at one time and I guess he would still support amalgamation in my particular District.

An Hon. Member: (Inaudible).

Mr. Hogan: That's right and before that I was advocating the same thing and most Ministers on the other side did advocate it, the only thing was, and I don't say this in a derogatory sense, they did not push it hard enough and I guess at the time it was very unpopular. It was very unpopular in my particular District in the Placentia intra-town district to entertain the thought of amalgamation.

An Hon. Member: You were Mayor, were you not?

Mr. Hogan: Yes.

An Hon. Member: What years?

Mr. Hogan: From 1969 to 1989, Sir.

An Hon. Member: Twenty years.

Mr. Hogan: Less four months or five months I think.

An Hon. Member: Did they get mad at you.

Mr. Hogan: No, they were not mad at me.

The Town of Dunville I think, gave me something like 87 per cent of their vote.

Getting back to what my hon friend was saying, and I would suggest to all Members of the House to take a lesson from what he has said, and bear in mind what he did say about the installation of municipal services, particularly water and sewer in our communities, that it is quite an expensive undertaking, and I would go back to the Member for St. John's East Extern, who keeps mentioning the demand - I shouldn't say demand, he was saying it as if it was blackmailing the communities in his District to raise their mil rate to thirteen mils. Now, Mr. Chairman, all Members that were associated in municipalities, and I am sure the other former Ministers can agree, that was always there. The condition of any municipality approaching the Department of Municipal Affairs to get monies for water and sewer or any other project, one of the first things that is ever said to them is: What is your ability to pay? Now that was treated with a sensitivity greater or lesser, depending on your political pull or your submission or whatever, but it was always there, and a municipality was always told that you should get your revenues up to what you can afford and sometimes pushed a little bit further. And rightly so.

It was the intent of the Government then, and I guess it is the intent of the Government now, that residents in municipalities pay according to their needs. I don't think the present Minister, at least he hasn't indicated to me and I would certainly be one to say so if he did, indicated to me that he doesn't want anymore out of the municipalities than that. Therefore it is very hard to lay down hard and fast rules when dealing with municipalities. You cannot have a universal approach. Each application, each project, each submission has to be dealt with on its own merits. And the Member for Mount Pearl made another good point when he mentioned the ability of the people in outport communities to pay and to meet that cost. First of all one has to identify the need, is that need compounded by environment or the health problem and so on? And then the second thing that has to be looked at is if the people themselves, the residents themselves can afford it. Both must be balanced out and approval given accordingly, and I would caution anybody in the House, including my own colleagues and colleagues on the other side, to take any different approach.

I attended a convention in Gander of the Federation of Municipalities and there was a reference in the guest speaker's speech which was true and it stuck with me. Back in the early fifties, the Government of the day under the hon. the Premier Smallwood, created a monster that we can no longer afford. Therefore we have to be ever more conscious of the cost. And one who desires to have these services must be prepared to pay within their ability. But the overriding factor also must be the need of

that particular community.

Good common sense was mentioned also by the Member for Mount Pearl when one talks of ribbon development, that a community should be discouraged, and he made a good point when the well managed town under the Mayor of the day in Dunville got away from that concept, and we attempted to do some infilling with small subdivisions. And the only thing that I was never able to do was convince the Government to provide the financing other than the system that they were doing, and that was by going out on public tender and going through contractors, et cetera, where a municipality with a proven track record, good fiscal responsibilities and knowledge of what they were doing, they probably could provide such services at fifty per cent. I will go as low as fifty per cent of their cost.

We have done it in Dunville a number of times. As a matter of fact we built a subdivision of some sixty homes I think - seventy homes. And we were able to install services for that particular subdivision. I don't want anybody to fall off their chairs but we were able to sell the first couple of lots. We sold a lot on the cost that it cost us to do that particular section. Piecemeal albeit it was, but our cost started off by being able to sell the lots for about \$2000 each. And as we did the next section the cost went up and so on, until we had the subdivision completed over a short period of time, and the last lots were up as high as \$5500, but they received full services.

It was where money was provided to

us instead of us having to go out through normal and ask the Government. As a matter of fact Government put no money into the water and sewer in those particular instances. I would advocate that being looked at closely by the Government, the Minister of Municipal Affairs and the Minister of Finance and anybody else who has any input into it, and they intend to change policies, that they would look into this particular type of financing. I do not mean throwing out \$200,000 or \$300,000 to a community that does not have a good fiscal track record or a record of ability to handle such jobs. But there are very, very many communities out there that could spend less money providing the same services than the bureaucracy of Government or the high price contractor. And it might be a consideration for any new approach to municipalities.

Other than that, Mr. Speaker, I have to agree with most of the sentiments expressed, and I must complement all Members on their high level of discussion on this particular subject this morning. My hon. friend for St. John's East Extern fell off the high road at the prompting of my good friend for Grand Falls, but other than that the level of discussion on this was very beneficial and very productive for the House this morning.

Thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

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

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

I just want to have a few words on this Loan Guarantee Bill, Mr. Chairman. One of the things that I had planned to do had I remained in Municipal Affairs for a little longer time than I was, I was only there for forty-odd days, I think, just before the election and a little while after, so I did not get much of a chance to leave my footprints in the Department of Municipal Affairs. One of the things that I had planned to do, was to get a listing of the information that the Minister of Finance has alluded to today, of exactly who are paying back their loans, and who are paying back their 20 per cent gross collectables, I believe, and the tax rates in those different areas, Mr. Chairman.

I think it would be productive of the Minister of Finance or the Minister of Municipal and Provincial Affairs for all Members of this House of Assembly if a listing to that effect was provided to each of the Members, so that when we are asked by our communities why this municipality is getting money and this municipality is not getting money, you might be able to come up with some logical arguments as to what one or the other of the municipalities are costing the Province right now, and what one or the other are paying back. As the Member for Placentia did say, when we are making these decisions, and any changes that are made in the municipal infrastructure of financing, we certainly do have to take into consideration the ability to pay by people in smaller communities.

Mr. Chairman, I guess it is hard to believe in the 1990s in this Province, that the basic services such as water and sewer are not

provided to a lot of people. I do not mean people who are self-sufficient with their wells and septic tanks. But there are many areas in this Province where the communities have built, because of the availability of land, rather close. Petty Harbour would be one example, but they do have the water and sewer now. It is a hard place to dig wells and to put in septic tanks. There are many parts of our Province where people cannot get their own self-sufficiency. They actually cannot afford to put in a full water and sewer system. So these are the people, these are the communities that need help in the 1990s to be provided with basic services such as water and sewer. Good water and good sewer disbursement should be the basic service that everyone in this Province should be afforded, Mr. Chairman.

In looking at the loan guarantees in this Bill, Bill 16, that we are doing now, Mr. Chairman, I would be interested to see if certain communities like, maybe Clarendville, Grand Falls, Marystown, Springdale, as are mentioned here, City of St. John's, St. John's Metropolitan Area Board and Stephenville: I believe all of these communities, or most of these communities paid back their full 100 per cent of water and sewer costs. I would like to know that for sure, if it is a fact?

Mr. Windsor: How much is the Government going to have to pay back on these loans?

Mr. R. Aylward: Yes. If there could be provided to this House a listing of what the actual costs are, it might be easier for us to make some of our decisions on

where water and sewer should be placed. It certainly would be easier for Members of this House of Assembly, Mr. Chairman, to explain to their municipalities.

An Hon. Member: (Inaudible).

Mr. R. Aylward: Yes, it was one year ago. As I said before the hon. Minister of Social Services came in and started interrupting, the first thing that I had planned to do when I got into Municipal Affairs was to do up this list and provide it to Members of the House of Assembly, so that the actual cost to the taxpayers of the Province for each individual community could be -

An Hon. Member: (Inaudible).

Mr. R. Aylward: Yes, Mr. Chairman. I believe there is a list that is probably three years old that was done by a former Minister of Municipal Affairs, Mr. Brett. That is why I suggested to the Minister of Finance or the Minister of Municipal Affairs that it would not be costly to make up this list. I believe the information is pretty well up-to-date, within two or three years, and it would be interesting. I understand there are seventeen or eighteen communities only, out of how ever many we have in this Province, that pay back 100 per cent. I know, Labrador City, and Port aux Basques, as far as I know, pay back 100 per cent. But, most of these communities, such as Grand Falls and Port aux Basques, had a big employer, a big industry in that community, that helped them out quite a bit. It was not all on the individual taxpayers in these communities.

Mr. Speaker, this guaranteed loan

system will have some relevance to the amalgamation process that the Minister of Municipal and Provincial Affairs is trying to implement in this Province.

When the amalgamation process is happening, whatever the recommendations are - I just want to caution the Minister of Municipal and Provincial Affairs on the amalgamation that happened Kilbride, Airport Heights, Shea Heights area and St. John's, when it did happen, when plans were not put in place to upgrade these areas to the standard of the rest of the city. The Province has a responsibility to provide funding to get those standards up to whatever municipalities are being amalgamated.

The Municipal Affairs Department seemed to come along fairly well with their programs, but the Department of Government that benefits most from amalgamation is the Department of Transportation. The Department of Transportation is the one that will save the most money and probably get away scot-free. So, when Municipal Affairs and the Department of Transportation get together on amalgamation, the responsibility of the Department of Transportation, who maintain the roads now, clear the roads and pave the roads in all these areas, it should be recognized that not only Municipal Affairs need to put money into the amalgamation effort, but also the Department of Transportation.

One disappointment I have to mention here this morning, Mr. Speaker, when I look at these loan guarantees - and it is certainly a District problem - is that there are no loan guarantees in here for the town of the Goulds this year,

a very fast growing town in recent years when, for water and sewer, \$200,000 or \$300,000 a year was going in there. The advantage of supporting a town in an urban region such as the Goulds and Conception Bay South, too, I guess, or towns in the east end, is that it provides an opportunity for people who are middle-income and down, to get cheaper land. They can afford to buy a home. They can't go up in the Cowan Heights area because houses there are \$120,000 minimum. In the Goulds, you can get a house with probably less services, but a similar house, at around the \$80,000 bracket, and by providing services, some services every year to towns such as the Goulds, or Pouch Cove might be an example in the east end, you allow people from the middle income bracket and down to be able to afford a home.

Mr. Speaker, I think it is very important to continue to support these small to medium-size towns, and I am very disappointed this year, that there has been no money allotted for the town of the Goulds. It is the first time in quite some years. And, not only does it provide money to allow people to buy homes but, Mr. Speaker, the town of the Goulds, which has been built up for quite some time, in certain areas of the town, they do have very serious sewer disposal problems. Septic fields are becoming filled, Mr. Speaker, and some of them are draining into the wells of neighbours, and things like that. So it is very important that towns such as the Goulds, and the Goulds, in particular, from my interests, be provided money and, if there are moneys left this year, I am sure the Minister of Municipal and Provincial Affairs would be more than happy, when he

gets representation from the town of the Goulds, as he has already, to provide some money for that town to allow it to build.

One of the requests from the town of the Goulds, which the Minister of Finance might be interested in, is that if there are no moneys available this year, they would like to be able to go out and borrow \$500,000 themselves to have a development package in place which will pay the full cost to develop, I think it is, 400 or 500 acres of land. And they will pay the full \$500,000 of this trunk sewer they are going to put in along the main highway when this land is being developed.

It seems to me to be a good plan. The only thing that they need to do is get permission from the Department of Municipal and Provincial Affairs to be able to go and borrow this money in the first place and it is paid back 100 per cent by the development as planned. The only trouble is they will probably need a loan guarantee to finance it over the eight or ten years of development.

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

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

Mr. Chairman: The hon. the Member for Mount Scio - Bell Island.

Mr. Walsh: Thank you, Mr. Chairman. Mr. Chairman I have to concur this morning with some of the comments made by my colleague from Kilbride, in the sense that he was talking about the need in the Province being as great as it is, and there is no question that there are many communities in this Province that just achieving basic

services they are going to be waiting a long, long time for that to happen, and it is regrettable. I know on behalf of ourselves and our Government to know that we cannot simply either one write the cheque, or two give the guarantees that are required for them to be able to meet even basic services.

- I reflect back some twelve months ago myself in my own District, in particular travelling through the Paradise portion of it, and that was where it became most evident of the need when raw sewage was actually coming up through the lawns in the front of the houses where development had carried on probably a little heavier than it should. And I go to some other areas in the District as well, Bell Island in particular again, where the needs have been extremely great.

Now although I have been somewhat fortunate in the past budget that some of the needs health wise and otherwise have been met in my own area, the need in those same communities are still very great. I suppose it is sad in one sense that communities themselves have to be more self sufficient in order to meet the actual requirements over their own residents.

The hon. the Member for Mount Pearl made some reference this morning to the community of St. Phillips who themselves have decided they would like to remain a, I guess, a rural community in a sense that their lots would be anywhere from half an acre to an acre in size and that they would stay at this point in time with a well and septic tank system. And in reflection I remember my most recent meeting with that council, about little better than a month

ago, that that same feeling prevails in that community. Today, of course, they are having a very basic problem in the sense that most of the area being developed is along the highway and some other items have come up that prevent them from developing as fast as they would like to. But the mere fact that they have chosen a way of life and they have chosen to keep their community relatively small not wanting to have the or become another extension of the, I suppose, the City of St. John's in the sense of being houses within arms reach of each other so that if you needed to borrow a cup of sugar it is just a matter of reaching through the window and having it passed to you. So there are communities in Newfoundland who have decided to remain that way. The vast majority, of course, have not. They prefer to have the services that they need.

Again, when I reflect on other areas in the community or in my own District, areas like Portugal Cove, for example, who have not seen any real funding in the last five or six years. I am very pleased this year that we are able to, again, get some dollars for there. And in the areas where the need is the greatest that is exactly how the Department looked on it.

The Goulds, I have many friends in the Goulds area which is represented by the previous Speaker, and there is no question that the vast amount of tracts of land in that particular area that could be developed, and there are times in my other life in the business world that we looked at doing exactly that over there, but the services that we required were just not there for us to do it.

The development costs also were somewhat prohibitive, and I guess the freeze on the land did not help either. That was somewhat discouraging, bearing in mind, of course, that certain amount of farm lands have to be protected and the hon. Member knows the needs of his own community, of course, better than any of us.

I must say that the capital grant and the structure this year and the funds that were given out that we regret as a Government that we could not meet all the needs. We regret as a Government that, again this year there are communities that will go without. I heard one hon. Member refer to the fact that a community was receiving funds for an area and that more pipe would go into the ground and it would remain dry. The only consolation is that within two, maybe three years the pipes in the ground will no longer be dry, and hopefully, if the program continues as it has over the past four or five years, the program started by my colleagues on the other side, that they will have the services and that the services will eventually come to their homes and pass along by their doorsteps. I would rather have, I suppose, dry pipe in the ground than not have any at all, because, at least I know that the dry pipe, sooner or later, will be utilized.

So, to reflect, no question, self-sufficiency is a problem here in the Province. It is difficult for smaller communities to be able to come up with the funds that are needed. It is also very difficult when we ask the residents of communities to raise the funds they must have in order to participate in the program and put up their share of the dollars.

Mr. Speaker, I make no apologies for how far the funds have gone this year, and I make no apologies for the communities that have been looked after this year. As I said, I am very fortunate that my own area, whose need ranked extremely high for the last, I think, five or six years, health-wise and otherwise was totally ignored, totally left out. In five years, in Mount Scio - Bell Island, previous to the last election, \$1.5 million had been spent in basic services during that whole five-year period, and we have been able to surpass that two-fold. I suppose, in the last twelve months; but, not as much because of the Government change, I think the need was recognized, and the need was put forward by the Department of Health. And other people were recognized, as well. Bearing that in mind, we followed through on what was needed and were able to spend those dollars.

It is regrettable, Mr. Speaker, that we are not able to meet all the needs of the Province. It is regrettable that we cannot simply write the blank cheque and say, go do what you need done. But I think we have given every opportunity for those who do need the dollars, to present their cases and present them well. We have also listened to the Department of Health in terms of their advising in terms of the needs that are required. So we have done what we can with the dollars available.

Mr. Speaker, as I said, the needs of the communities are great, but we have been able to meet them. So I take some solace in the fact that in my own District, we have been able to look after some of the needs in Bell Island, we have

been able to look after needs in Portugal Cove, we have been able to look after needs in Paradise. We are still having problems in places like St. Thomas and St. Phillips and, hopefully, over the next three to five years, we will be able to look after those, as well.

I say, somewhat tongue in cheek, Mr. Speaker, that in trying to look after all the needs of the District, we will certainly, through fairness and balance, make sure that Bell Island at least catches up to a level of communities like Grand Falls or Corner Brook or some others. We are looking forward to that. And, hopefully, all that new piping that is required for Bell Island will be delivered on the new ferry which will be arriving in August. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

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

Mr. Simms: Thank you, Mr. Chairman, and I thank hon. Members opposite for their kind welcome.

Mr. Chairman, I had not intended to speak to this resolution or in this debate, but I must commend the Minister of Finance, because, about an hour or an hour-and-a-half ago, this bill, which is a traditional, normal practice, would not normally have provoked a lot of debate. About an hour or an hour-and-a-half ago, I think, we were ready for the question and could have gone on to other matters. But, thankfully, the Minister of Finance did intervene and felt obligated to get up and comment and respond to some of the things that were said by Members, I guess, on both

sides, probably Members on this side, in particular.

I am glad he did that. By doing so, he, of course, was able to raise other questions in the minds of Members on this side and on that side, and he therefore was able to provoke further debate; for that we are eternally grateful and we appreciate his intervention. We hope he will do it in the future. Having done so, of course, I think what came out of it, rather than just letting the bill slip by with very little debate, thanks to the Minister of Finance's intervention in stalling the debate on the Bill we heard some very interesting comments from Members on both sides.

Our finance critic, the Member for Mount Pearl, I think, was able to respond to the Minister of Finance's points by pointing out some deficiencies in the Minister's - maybe not in his thinking, but in the way he articulated the program itself that we talked about. And we are very glad the Member for Mount Pearl was able to point out that incorrect comment, I guess, by the Minister of Finance -

An Hon. Member: (Inaudible).

Mr. Simms: Yes, the Member for Mount Pearl (inaudible).

- who graciously, as always, did acknowledge that the Member for Mount Pearl was correct and that what he had said, or what we thought he had said, was not quite what he had meant to say, and that was all cleared up.

Then, of course, we heard sort of a sincere, heart-rending rendition of this whole question of communities suffering from lack

of water and sewer facilities, infrastructure and so on, from the Member for St. John's East Extern, who, I thought, put it very well in the ten minutes he spoke, having had the experience of being a Mayor of Flatrock in a community that is obviously hard-pressed from time to time. I thought he gave a very, very good rendition of what life is like in those small communities without the assistance of programs such as these.

Then, we heard from the Member for Placentia, of course.

An Hon. Member: What did he say?

An Hon. Member: Did he get up?

Mr. Simms: Yes, he got up. We provoked him, I think, and encouraged him to speak. His colleague, the Minister of Health did not want him to speak. He wanted to put the question right away so he could get the vote out of the way, but, fortunately, the Member for Placentia, as he is always, is his own man, stands on his own and he will not be told to sit down by anybody.

Some Hon. Members: Hear, hear!

Mr. Simms: That is one thing we like about the Member for Placentia, he is not afraid to speak out on behalf of his constituents and speak his own mind. And he pulls a lot of weight in the caucus over there, I suspect.

Anyway, we heard from him - his experiences as a mayor of a community for over twenty years. They should build a shrine to him out in Dunville. They should put up one of these big statues.

An Hon. Member: A darn good Mayor.

Mr. Simms: In his case, it would have to be a big, big statue.

Mr. R. Aylward: And change the name from Dunville to 'Donebill'.

Mr. Simms: Dunville to 'Donebill'.

Anyway, obviously, the Member for Placentia has a considerable amount of knowledge. He recognizes the need for guarantees and programs of the nature that we have been talking about here from the Department of Municipal Affairs, having experienced a lot. Even having been mayor of a community for twenty years, he admitted that there were still lots of needs down in that area, in the riding he now represents.

So the issue of municipal support for infrastructure is one that will be with us for many, many years to come, probably forever and ever, particularly in a Province such as this.

We then heard from the very knowledgeable Member for Kilbride, who is a man who spent only forty days and forty nights in the Department of Municipal Affairs, as he said, but he is also an individual by the very nature of his background, his history, his profession, he is a land surveyor by profession, and spent years and years out in rural Newfoundland. His grandfather, I believe, was a farmer and his father did a considerable amount of farming. He was in the agriculture portfolio for a number of years and I know the people in those areas respected him for his knowledge and because of the background he had.

Because of the fact of his

profession, he has had the opportunity to travel around rural Newfoundland for decades and decades, and he knows the needs of rural Newfoundland, particularly rural Newfoundland in the context we always refer to as anything outside of St. John's. Anything outside the overpass is rural Newfoundland, including a community like Grand Falls, although Members opposite sometimes like to paint Grand Falls and Gander as urban centres. But, let's face it, they are communities with populations of 10,000 people and, in normal situations, you would never consider those communities to be urban. Anything outside St. John's is rural, that is the way we have always looked at it.

The Member for Kilbride worked on transmission lines on the Northern Peninsula, in the days when the Liberal Government sprayed with fenitrothion, back in the 1960s, and he has often told the story about having been hit with fenitrothion spray.

An Hon. Member: (Inaudible).

Mr. Simms: It was particularly centered on his forehead, yes.

And, then, of course, we were ready for the question at that point when, lo and behold! the great intervenor, himself, Ron Pumphrey's guest of the year, the Member for Mount Scio-Bell Island, found he had to get up and make a contribution to the debate, and make a contribution he did. He didn't refer, not once I don't think, to Belle, the moose, on this occasion, he talked about the need for municipal infrastructure and infrastructure for improvements to communities he represents in the constituency of

Mount Scio-Bell Island. Now, I have a suspicion he might have some friends in the gallery. I have a sneaky suspicion he might have some friends in the gallery and he perhaps wanted -

Mr. Winsor: That is right. Playing up to them.

Mr. Simms: Well, I wouldn't say playing up to them, but I am sure he would want to impress any friends or constituents who might be in the gallery. I am sure of that, and do it he did. And it is for that very same reason that he has friends -

Mr. Doyle: That is his daughter on the left.

Mr. Simms: Oh, his daughter. Fine. That's great! She is much better looking than her father.

Mr. Doyle: Don't insult him too much.

Mr. Simms: And I say to his close friend in the gallery that I have met her mother and I have to confess, even from this long range, I can tell that her good looks come from her mother's side of the family, not from her father's side.

Some Hon. Members: Hear, hear!

Mr. Simms: Nevertheless, the Member for Mount Scio - Bell Island told it passionately, explained passionately the concerns of the communities he represents, both on the Mount Scio end of the constituency and Bell Island itself. I must say, and this goes back to my original point, that this debate will go on for years and years and years, there will always be a need. Because I remember the fantastic

representations made by my colleague, the Member now for Harbour Main, when he represented Bell Island. And the people of Bell Island loved the Member, they loved him. He worked like a Trojan. But no matter how hard he worked, no matter how much work he did, there still is a need. And that was clearly articulated by the Member for Mount Scio - Bell Island here this morning.

So I just want to say, Mr. Chairman, to the Government House Leader, that we are quite prepared to now put the question on the resolution, unless the Minister of Finance wishes to get up again, or Members on that side wish to get up again, and provoke us and give us some food for thought into having a more lengthy debate. We are quite prepared to do it, but there are other pieces of legislation. Our finance critic, as Members will know, can speak for days and days and days, a very knowledgeable individual.

An Hon. Member: And say nothing.

Mr. Simms: Oh, I wouldn't go quite so far as that. But that's procrastination?

Mr. Chairman: Order, please!

The hon. Member's time has elapsed.

Mr. Simms: Thank you, Mr. Chairman.

"A Bill, an Act To Amend The Local Authority Guarantee Act, 1957" (Bill No. 16).

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

Mr. Baker: Motion 3, Mr.

Chairman. I would like to deal with that, as well.

Resolution

"That it is expedient to bring in a measure further to amend the Loan and Guarantee Act, 1957 to provide for the advance of loans to and the guarantee of repayment of bonds or debentures issued by, or loans advanced to certain corporations."

Mr. Chairman: Shall the resolution carry?

Mr. Simms: No, Mr. Chairman. We are waiting for the Minister of Finance to do an explanation, as he normally would do.

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

Dr. Kitchen: Mr. Chairman, this Bill, "An Act To Amend The Loan And Guarantee Act, 1957", is somewhat more than routine. It is routine in the sense that it happens periodically in the amendment of the schedule to The Loan And Guarantee Act to put in place certain new guarantees, and also to provide extensions and changes to existing guarantees.

I would just like to take a few minutes to run over some of the loans which are guaranteed here. Most of them are set forth in the explanatory notes to the Bill, so I shall not take too much time.

The Baie Verte Mines Reprocessing Limited has been given two new loan guarantees to enable the wet process there to get started while awaiting an ACOA funding, and certain other ones that are mentioned there. Almost all the

other points are time extensions to existing guarantees. I think, Mr. Chairman, I will leave it at that.

If there are some questions Members opposite have, I will be very pleased to answer them.

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

Mr. Windsor: Thank you, Mr. Chairman. There are a number of questions one would like to deal with in this particular bill. We could go through all the details, but there is not going to be time today, for sure, to get into all the questions one would want to ask. There are many questions I do want to ask, but there is only time at the moment to deal with one specific question.

The Minister, in debate a couple of days ago, made mention of the fact that the Government continues to use loan guarantees. It is interesting that during the election the Premier was making certain statements in relation to particularly, Sprung, that he refused to honor such guarantees.

Mr. Efford: You should not talk about Sprung.

Mr. Windsor: We will talk all about Sprung. We will talk all about funding for boat yards, too, Mr. Chairman, if the hon. gentleman wants to get into that. We will talk about loan guarantees for shipyards out in the hon. gentleman's area, with no problem at all.

Mr. Chairman, I want to ask the Minister a specific question now. We will get into the details of the bill. The House Leader will not get this bill put through

today, unfortunately, unless he wants to stop the clock and we will stay here all afternoon. And I am quite prepared to do that - quite prepared to do that. There are a number of questions I want to ask on this bill, but I want to get at one specifically. The Minister made a statement a couple of days ago in debate that not only is the Government -

Mr. Efford: (Inaudible).

Mr. Windsor: Mr. Chairman, can we stifle the hon. Member from Bay Roberts, whoever it is over there.

Mr. Chairman: Order please! Order please!

Mr. Windsor: If he does not have anything intelligent to add to the debate, he should say nothing and remain silent over there, and allow me to get at the Minister of Finance.

This is a special day. We finally got the Minister of Finance on his feet speaking, and I do not want to break the moment. I want to take the opportunity to get him to speak again.

I want to find out what is the Government's position now, because he said a couple of days ago that the Government will use loan guarantees for existing industries but not for new industries. This is an important fact. The Minister of Development has a question on his face there. He was not here in the House at the time. The Minister of Finance said 'loan guarantees are not available to new industries'.

Mr. Matthews: That is what he said.

Mr. Windsor: In saying that, he

has handcuffed the Minister of Development.

An Hon. Member: (Inaudible).

Mr. Windsor: The hon. gentlemen did. I will get Hansard for Monday. I will have Hansard for Monday, Mr. Chairman, not a problem.

But I say to the Minister of Development, the Minister of Finance said that Tuesday.

An Hon. Member: Will you be here Monday?

Mr. Windsor: I will come back Monday, I don't care. I can be here Monday if anybody wants to be here Monday, no problem.

Some Hon. Members: Hear, hear!

Mr. Windsor: I say to the Minister of Development, this is a very serious thing. The Minister of Finance in making that statement, if he speaks on behalf of the Government, because I believe he does in talking about loan guarantees, he is the Minister of Finance - does the Minister of Development agree with that statement, that he does not now have available to him in attracting business and industry to this Province the option of saying to those potential investors, yes, we do have a loan guarantee program we can make available, we can assist you, we can put in place as an incentive for you to come here, to help attract your investment and knowledge, expertise and technology to this Province, and your ability in the marketplace, your whole network, world-wide perhaps.

Mr. Chairman, I move Committee rise, report progress and ask leave to sit back for many, many more days.

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

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

Mr. Speaker: 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 that they have adopted a certain resolution and recommend that a Bill be introduced to give effect to the same, and ask leave to sit again.

On motion, report received and adopted, resolution ordered read a first time and second time, now, by leave.

On motion, Resolution read a first and second time.

On motion, A Bill, "An Act To Amend The Local authority Guarantee Act, 1957", read a first, second and third time, ordered passed and its title be as on the Order Paper. (Bill No. 16).

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

Mr. Baker: Thank you, Mr. Speaker. I would like to inform hon. Members of the items of business coming up in the future. We just dealt with Bill 16. I intend to deal with Bills No. 17 and 31. Beyond that, if there seems to be some desire on the part of hon. Members to speak on

general matters, at that point we may call the main Budget Speech to give hon. Members a chance to talk on the general matters they seem to want to discuss at this point in time. Mr. Speaker, these are the plans for the immediate future.

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

Mr. Simms: Yes, Mr. Speaker, just to ensure that we clearly understand now what will be called on Tuesday, it will be Bill 17 and then Bill 31. If we conclude debate on both of those items, for whatever the reasons might be on Tuesday, before the expiry of the clock, we will then call the Budget as the next item.

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

Mr. Speaker: Before putting the motion, the Chair, on behalf of hon. Members, would like to welcome to the public galleries today twenty-five students from Whitemouth Manitoba, accompanied by their teachers Mr. Ron Subblin and Mr. Ernie Michelo. The Chair apologizes for any mispronunciation.

Some Hon. Members: Hear, hear!

Mr. Speaker: They are also accompanied by their host students, twenty-five students from Whitbourne, accompanied by their teachers, Mr. Roy Gosse and Mr. Donald Skinner.

Some Hon. Members: Hear, hear!

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