

The House met at 9:00 a.m.

MR. SPEAKER (Dicks): Order, please!

Oral Questions

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

MR. SIMMS: Mr. Speaker, I want to refer the Premier to an article that was in Wednesday's *Evening Telegram*, two days ago, March 9. Headlined, "Hydro chairman denies law firm worked for utility." I'm sure he has seen the article by now.

In that article Mr. Jim Chalker, the present chairman of Hydro, describes his involvement with the \$50,000 annual salary supplement that the Premier received from the time he was elected leader of the Liberal Party in June of 1987 until the time he became Premier.

The Premier has said on many occasions in this House and outside that the fund from which his salary was paid was set up by the Liberal Party. But in a startling revelation in this article Mr. Chalker tells a totally different story. Mr. Chalker tells us that the Premier approached him when he was preparing to seek the Liberal leadership and asked him to perform some legal work and act as a trustee.

Mr. Speaker, in an effort to get to the truth of this matter I want to ask, will the Premier now confess that he personally - not the Liberal Party - made the arrangements to set up a fund to pay himself that \$50,000 annual wage even before he became a candidate for the Liberal Party leadership?

MR. SPEAKER: The hon. the Premier.

PREMIER WELLS: No, Mr. Speaker, that is utter tripe. I haven't seen what was in *The Evening Telegram* but I will take a look at it. I reaffirm for the House exactly what I've said before is precisely the case. I asked Mr. Chalker and two other people to make sure that anything that was done was done in a proper way. I left it entirely to them to ensure that it was done. The basis on which it was done was paid generally out of the Liberal Party general funds, and no special services or anything were necessary for anybody else. So it is utter tripe, Mr. Speaker.

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

MR. SIMMS: Mr. Speaker, on a supplementary. That certainly isn't what Mr. Chalker has said publicly, because he said the Premier asked him to do the legal work and to act as a trustee for the fund before. Now I say to the Premier, neither him nor anybody else would ask a lawyer to set up a fund and act as the trustee unless you've already got the money to put into that fund. We now know from Mr. Chalker that the Liberal Party wasn't involved at that point. So I ask the Premier, where did the money come from, who raised it, and did you yourself ask anybody to contribute or donate in the same way as you made the other arrangements according to Mr. Chalker to look after that fund?

MR. SPEAKER: The hon. the Premier.

PREMIER WELLS: Mr. Speaker, I've no idea what was in *The Evening Telegram*. I don't know what Mr. Chalker said but I will certainly check and find out. I will only tell the House what I've told the House is absolutely accurate and there is no variation from that.

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

MS. VERGE: Thank you, Mr. Speaker.

I have a question for the Premier.

Two years ago, in March 1992, an executive of Hydro Quebec told the Quebec news media that talks with Newfoundland on the development of the Lower Churchill had broken off. The Hydro Quebec executive said an agreement had been close at hand and left the clear impression that the negotiations had foundered because of a change in Newfoundland's position. I want to ask the Premier this morning, two years later, about the agreement he left on the table when he broke off the negotiations? As everyone knows we are getting three mils per kilowatt hour going down to two mils for the Upper Churchill. My question for the Premier is, did the Premier, two years ago, walk away from a thirty year deal that would have paid an average rate of about 75 mils per kilowatt hour for electricity from the Lower Churchill and generate billions of dollars in revenues and profits for the Province?

MR. SPEAKER: The hon. the Premier.

PREMIER WELLS: No, Mr. Speaker, that, too, is a complete fabrication. The Minister of Mines and Energy, and I, have both on several occasions stated fully for this House exactly what occurred, exactly where those negotiations were, why they ceased, and it had nothing whatsoever to do with the inability of the two parties to come to an agreement, but rather it had everything in the world to do with the fact that the hydro electric situation in the whole of Northeast North America had changed in the meantime.

The power authority of the State of New York were cancelling its options to buy 5000 megawatts. Just last week they were talking about reducing their obligations under another contract to purchase power from Quebec. Ontario Hydro had suddenly found itself with power running out of its ears and it did not know what to do with all the excess capacity that it had. Ontario Hydro is in substantial difficulty because of all that. That was primarily the problem. No, we did not change our position. Our position at the end of it was exactly the same as it was when we went into it, except to the extent that it had been adjusted all along to accept moderations or changes suggested by the other side.

MR. SPEAKER: The hon. the Member for Humber East.

MS. VERGE: Thank you, Mr. Speaker.

I say to the Premier that I have solid evidence to the contrary. I ask the Premier, didn't you walk away from a construction project worth \$14.4 billion that included a transmission line to bring 800 megawatts of power to the Island and would have provided 24,000 work years of employment, a project bigger than Hibernia? Didn't the Premier walk away from side arrangements to the Upper Churchill contract that would have paid the Province at least \$4 billion in royalties and rentals over the remaining life of the Upper Churchill contract?

MR. SPEAKER: The hon. the Premier.

PREMIER WELLS: I can only guess that this is more of Mr. Abery's asininity. He was at Hydro at the time. If she has solid evidence, put it on the table and let's examine it, otherwise, what we have is solid bunk.

MR. SPEAKER: Order, please!

The hon. the Member for Humber East.

MS. VERGE: Thank you, Mr. Speaker.

I say to the Premier, you are the one with the facts and figures and you've hid them from the people of the Province.

SOME HON. MEMBERS: Hear, hear!