

December 12, 1995**HOUSE OF ASSEMBLY PROCEEDINGS****Vol. XLII No. 74**

The House met at 2:00 p.m.

MR. SPEAKER (L. Snow): Order, please!

Before we begin the routine I would like to welcome, on behalf of all members, the executive of the Newfoundland and Labrador Association of Fire Chiefs, President, Vince MacKenzie, and directors, Richard Murphy, Bill Lynch, Jim Andrews, David Messie, and Hubert Sparkes.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: As well, I would like to welcome twenty-seven Democracy and Law students from St. Francis High School in the District of Harbour Grace, along with their teachers, Tony McCarthy and Ms Laurie King.

SOME HON. MEMBERS: Hear, hear!

Statements by Ministers

MR. SPEAKER: The hon. the Premier.

PREMIER WELLS: Mr. Speaker, I am happy to rise in the House today to advise the House that Petro-Canada, as project operator, is today issuing a press release advising that along with their partners in the Terra Nova project they will be proceeding with the preparation of a development plan application for submission to the Canada/Newfoundland Offshore Petroleum Board for the development of the Terra Nova oilfield.

SOME HON. MEMBERS: Hear, hear!

PREMIER WELLS: The preparation of a development plan application is a requirement under the Atlantic Accord Acts. It represents the initial step in the approval process of the CNOPB for the development of the Terra Nova oilfield.

The decision by the project participants to proceed with the preparation of a development plan application for the Terra Nova oilfield is indeed welcome news. It is a clear statement of the commitment of the owners to the development of this important offshore project.

In their release, Petro-Canada and the other owners have clearly indicated that the final decision on the filing of the DPA with the Canada/Newfoundland Offshore Petroleum Board will be dependent on reaching agreement with the Federal and Provincial Governments on fiscal and benefits matters. The Province has been pursuing discussions on outstanding issues for pretty well most of this year - I think they started in February - and we remain confident that final agreements can be in place by the time the development plan application is completed. The completion date for the DPA is targeted for the end of March, 1996.

In the coming weeks, Petro-Canada will be releasing further details on the consultation process they will be following in the Province for the public input to the preparation of the development plan application. I encourage all those in the Province with an interest to make their views and their concerns known when the opportunity is presented.

The development of the Terra Nova oilfield is the next phase following Hibernia in building an oil and gas industry in our offshore area. Although many critical decisions remain to be taken, the government is encouraged by the decision of Petro-Canada and the other project owners to proceed at this time with the preparation of a development plan application. The government will also continue to dedicate its efforts to finalizing agreements on fiscal and benefits issues so as to ensure that this important offshore oil project can become a reality at the earliest possible date.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

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

MS VERGE: Thank you, Mr. Speaker.

This is welcome news indeed. The Official Opposition, along with everyone else in the Province, have been anxiously awaiting a positive announcement about Terra Nova go-ahead. Of course, if it weren't for the legacy of the Peckford Government which some of us were part of, and the contribution of John Crosbie when he served in the federal Cabinet, we wouldn't have an Atlantic Accord, we wouldn't have an offshore petroleum board, we wouldn't have an offshore oil industry, Mr. Speaker.

I would urge the Premier and his colleagues to be vigilant in completing the negotiations to ensure that the fiscal and industrial benefits arrangements agreed to, will benefit this Province and the people who live in this Province.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Does the hon. the Member for St. John's East have leave?

SOME HON. MEMBERS: No leave.

MR. SPEAKER: No leave.

Oral Questions

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

MS VERGE: Thank you, Mr. Speaker.

I have questions for the Minister of Natural Resources about Hydro.

It was at the end of last week that the minister, without any prior warning, tabled in this House a bill which significantly affects Newfoundland and Labrador Hydro, and which will hike electricity rates. The measures could well pave the way for another go at Hydro privatization. Yesterday, the minister ruled out a process of public consultation. I ask the minister now: Have you reconsidered? Will you now refer Bill 35 to a House committee for public hearings early in the New Year, so that Newfoundlanders and Labradorians can have a say, over the future of Hydro?

MR. SPEAKER: The hon. the Minister of Natural Resources.

DR. GIBBONS: Mr. Speaker, let's make it clear so that the hon. member opposite can understand, the public can understand, that what we are doing has absolutely zero to do with privatization, we are not proceeding with privatization. We took the decision on that because the public, the people of the Province said they did not want us to privatize Hydro and we listened.

What we are doing now, is taking some steps so that Hydro can be a much more efficient organization, publicly run through the Public Utilities Board.

MR. SPEAKER: The hon. the Leader of the Opposition, on a supplementary.

MS VERGE: Thank you, Mr. Speaker.

I ask the minister: If you are not afraid to have the public scrutinize the technicalities of this measure, if you are confident that upon examination it will be found to be consistent with continued public ownership, why won't you refer it to a House committee for public hearings? What are you trying to hide?

MR. SPEAKER: The hon. the Minister of Natural Resources.

DR. GIBBONS: Mr. Speaker, we aren't trying to hide anything. We've had two years of debate about this. We've passed in this Legislature an Electrical Power Control Act that this Province should be proud of for the production, distribution and sale of electricity no matter where it is produced in this Province. We want to proclaim that legislation. The action we are taking in this regard with this Bill No. 35 will allow us to do that immediately.

MR. SPEAKER: The hon. the Leader of the Opposition, on a supplementary.

MS VERGE: Thank you, Mr. Speaker.

Won't the minister admit that Bill No. 35 does far more than whatever might be necessary for them to proclaim the Electrical Power Control Act, 1994? Why, for instance, would the government now be changing that act so that the Cabinet can direct the Public Utilities Board to set Hydro rates to recover on top of Hydro's costs more profit, as much as double the profit Hydro is permitted to recover now? Why would the government want to do that?

MR. SPEAKER: The hon. the Minister of Natural Resources.

DR. GIBBONS: Mr. Speaker, we are cognizant of the implications of rate increases. We are cognizant of the implications of having, for example, a lifeline rate in the rural diesel areas, and we are cognizant of anything that may change rates. That is one of the main reasons why we think Cabinet should still have authority to give direction on issues of provincial significance, policy-wise. That is what we are doing in this. We will give policy direction where we deem it appropriate to do so.

MR. SPEAKER: The hon. the Leader of the Opposition, on a supplementary.

MS VERGE: Thank you, Mr. Speaker.

What is wrong with the present policy? Why is the government changing the law to enable the PUB to permit Hydro, to direct Hydro, to recover, on top of its costs, as much as double the profit it is permitted to get now? And how much would that result in electricity rate increases? How much of that would be passed on to consumers? Will the minister tell us that?

MR. SPEAKER: The hon. the Minister of Natural Resources.

DR. GIBBONS: Mr. Speaker, what happens to rates depends on the policy direction that we give. It depends on the policy direction that we give relative to the rate of return, relative to the phase in of the rate of return, relative to the sitting of the debt equity ratio. If the debt equity ratio is maintained as it is today, 81/19 at this time, approximately, so 80/20. If we say we are going to keep it at approximately that and if we say that the dividends that we expect from Hydro are going to be at a certain amount maybe there won't be any change at all. There may not be any significant change at all. It depends on what we do in terms of giving direction to the Public Utilities Board.

MR. SPEAKER: The hon. the Member for Ferryland.

MR. SULLIVAN: Thank you, Mr. Speaker. I have a question for the Minister of Health.

Your department has placed a cap of \$2,100 per month on the Enriched Needs program. Now since the waiting list for admission to nursing homes is quite lengthy and is growing rapidly, what is the minister doing with people who are assessed as needing more then that cap of eight to nine hours per day? Are you enforcing the \$2,100 cap in all new cases as well as in the current cases that now require more then that amount?

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

MR. L. MATTHEWS: Thank you, Mr. Speaker. The hon. member is correct, we have capped Enriched Needs to seniors for services in their homes at \$2,100. We are in the process now of implementing that new and revised capitation throughout the system. In some instances the Department of Social Services are continuing to carry on the work that they done wholly in the past. Eventually, by January 1, the Department of Health will be actually dealing with all of the clients or the seniors population on the account of the Enriched Needs program.

We are doing two things by direction; new entrants into the program, we will not bring them on at a service level beyond \$2,100. Those who are at the moment receiving more then \$2,100, we are working with them on an individual basis giving due consideration to their circumstance and all of that sort of thing, to ensure that we can bring them down to within the \$2,100 cap and still provide to them an appropriate level of service such that their needs will be adequately met.

MR. SPEAKER: A supplementary, the hon. the Member for Ferryland.

MR. SULLIVAN: Thank you, Mr. Speaker.

Your department recently changed its policy allowing Level II people into personal care homes even though you said in this House, one year ago, that personal care homes are not equipped to deal with Level II care. Your department, in its eligibility criteria, which I have here, for the three levels of care outlines the heavier level of care that is needed for Level II as compared to Level I. It states that care in this level can be carried out by a nursing assistant under the supervision of a registered nurse as directed by the attending physician. I ask the minister if there is a change now in the requirements for professional staffing in personal care homes as a result of that policy change?