

December 10, 1999 HOUSE OF ASSEMBLY PROCEEDINGS Vol. XLIV No. 50

The House met at 9:00 a.m.

MR. SPEAKER (Snow): Order, please!

Before we begin our routine proceedings today, the Chair would like to welcome to the gallery eighty-five Grades VIII and IX students from St. Peter's Elementary School in Upper Island Cove, in the District of Port de Grave. They are accompanied by their teachers, Mr. Calvin Peddle, Mr. Howie Lundrigan, Mr. Robert Bishop, Mr. Aiden Drover, and Ms Barb Patey.

SOME HON. MEMBERS: Hear, hear!

Statements by Ministers

MR. SPEAKER: The hon. the President of Treasury Board.

SOME HON. MEMBERS: Hear, hear!

MS THISTLE: Mr. Speaker, recently there has been a considerable amount of correspondence between the Newfoundland and Labrador Nurses' Union, the ad hoc Northern Nursing Crisis Committee and government over the issue of recruitment and retention of nurses in Labrador. Today, I would like to clearly state government's position on this matter for all members present and for the general public.

While we appreciate the concerns that have been put forward by the ad hoc Northern Nursing Crisis Committee, government has a responsibility to deal with the members of a collective bargaining unit in an appropriate manner. This manner is to deal with the officially certified bargaining agent for nurses in the Province.

The Newfoundland and Labrador Nurses' Union is the officially certified bargaining agent for nurses in this Province. I am calling on the Newfoundland and Labrador Nurses' Union to recognize its responsibility to its members as the officially certified bargaining agent for nurses, and to formally meet with the government officials to discuss the concerns of their Labrador members. Effective immediately, government officials are willing to meet with representatives from the Newfoundland and Labrador Nurses' Union to work toward a resolution of concerns put forward by the Labrador nurses.

If the Newfoundland and Labrador Nurses' Union is not prepared to officially meet with government to discuss these issues, government can only assume that the Newfoundland and Labrador Nurses' Union has abandoned their right to represent nurses in Labrador. We urge the Newfoundland and Labrador Nurses' Union to act immediately to address the outstanding concerns of their members.

Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for Waterford Valley.

MR. H. HODDER: Thank you, Mr. Speaker.

I cannot believe what I have just heard and what I am reading. Last year, the government treated nurses very unfairly. They bargained in bad faith with them. Now they are attempting again to divide the nurses of this Province, divide Labrador nurses from the rest of the Province. Then the minister, in her last statement, says: We have to assume that the nurses, if they do not come back to the table, have abandoned their right to represent nurses in Labrador.

MS BETTNEY: Mr. Speaker, I will ensure that the opposite member's concerns are brought to the attention of the Minister of Health and Community Services.

Thank you, Mr. Speaker.

MR. SPEAKER: The time for Oral Questions has elapsed.

Presenting Reports by Standing and Special Committees

MR. SPEAKER: Order, please!

In accordance with section 32.4 of the Auditor General's Act, I hereby table the Report of the Audit of the Office of the Auditor General for the fiscal year April 1, 1998 to March 31, 1999.

Orders of the Day

MR. SPEAKER: The hon. the Government House Leader.

MR. TULK: Mr. Speaker, before we move on, so that there is no delay in passing out the bill as soon as it is printed, I am going to call first reading on Motion 5, Bill 52.

Motion, the hon. the Minister of Municipal and Provincial Affairs to introduce a bill, "An Act To Amend The City Of Corner Brook Act, The City of Mount Pearl Act, The City of St. John's Act And The St. John's Assessment Act", carried. (Bill 52)

On motion, Bill 52 read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: The hon. the Government House Leader.

MR. TULK: Mr. Speaker, if I could get the attention of the Minister of Mines and Energy - and get some of those people away from him - I understand that it is possible, maybe, that the minister may not be around the early part of next week so I am going to call second reading of a bill, "An Act To Amend The Electrical Power Control Act, 1994 And The Public Utilities Act". (Bill 51)

Motion, second reading of a bill, "An Act To Amend The Electrical Power Control Act, 1994 And The Public Utilities Act". (Bill 51)

MR. SPEAKER: The hon. the Minister of Mines and Energy.

MR. GRIMES: Thank you, Mr. Speaker.

I just wanted to make a few brief comments, for the record, with respect to the bill that is before the House, Bill 51. It is a significant piece of legislation. As has been discussed in the Legislature before, sometimes a bill is very thick and there are a lot of words but it may be a lot of housekeeping. This one is one of the fundamentals that has been debated in Newfoundland and Labrador certainly since 1994.

Again yesterday, in preparing for this particular bill, I read a Ministerial Statement that gave a history of the background of the electrical industry in Newfoundland and Labrador. The context is important for the debate on this particular bill. Upon until the 1960s there really had been private sector operation of electrical utilities in Newfoundland and Labrador and the fundamental of it, to paraphrase - historians could find some flaw in what I am saying, but, by general rule - electrical utilities decided to provide electric energy only in areas where there was a big enough population to make it pay. As a result, the larger centers of Newfoundland and Labrador, from the late 1800s, the early 1900s to the 1960s, the larger centers like St. John's and surrounding areas - like Gander, Grand Falls, Corner Brook - had electricity. Many of the smaller centers, though, of Newfoundland and Labrador, did not have electricity; so there was a public policy issue that was taken and dealt with during the late 1950s and early 1960s, concurred by everybody in the Province - there was no debate to the contrary in the

Legislature or elsewhere - that, as a matter of public policy, the government should be involved in making sure that electricity was available in every community in Newfoundland and Labrador if at all possible.

One of the instruments - and this is where we will have to admit that we learned from the people of the Province -

SOME HON. MEMBERS: Hear, hear!

MR. GRIMES: - and I know that the Opposition Parties will probably both take some measure of credit for convincing the Legislature and the government -

SOME HON. MEMBERS: Oh, oh!

MR. GRIMES: I am trying, in my own quiet way, just to suggest why I supported a certain view at one point and I am supporting another view today; maybe practicing for life after politics where I might try to go to law school or something and learn to argue three or four sides of the one issue. Most times there are only two, in most people's minds, but practiced and learned lawyers can find several different arguments to support on the one issue.

In the contextual piece, as I continue to recognize a change in direction here in response to the wishes of the people of the Province, through the 1960s, and using largely the Newfoundland and Labrador Hydro as the instrument of public policy, the government and Hydro itself, together, decided upon which kind of generation projects needed to be approved so that we could extend electrical energy to all of the regions in Newfoundland and Labrador. There were river developments, there were diesel operations put in place, and other operations, so that we could have the point where we are today, where just about every single community in the Province has access to electric energy.

There are some places now where people are moving, where they have moved out of communities and a group of livyers have congregated in groups of twenty, thirty families or more, where they are still paying for poles to go into areas and so on and it is not a part of the public grid in Newfoundland and Labrador, but the real shift was in the 1960s. The real shift was in that period in the 1960s. When we got to the period of 1994, the government of that day, the Administration of Premier Wells that I was a part of, brought forward the whole notion that maybe the time was right in Newfoundland and Labrador to privatize Hydro and to use the revenues that could be garnered from the sale of Hydro into the private sector to meet some of the public policy needs of the government by converting the assets to cash.

It was clear, and I readily acknowledge, that the people of the Province and the Opposition Parties did convince the government that while that may have been a policy issue that was seriously contemplated, that it was not one that the people of the Province wanted to proceed with. In the meantime -

MR. J. BYRNE: On a point of order, Mr. Speaker.

MR. SPEAKER (Smith): The hon. the Member for Cape St. Francis, on a point of order.

MR. J. BYRNE: I just want to point out to the Minister of Mines and Energy, who is up there speaking his heart out, like he so often does, to look at the support he has behind him in his benches.

MR. SPEAKER: There is no point of order.

The hon. the Minister of Mines and Energy.

MR. GRIMES: Mr. Speaker -

MR. SULLIVAN: A point of order, Mr. Speaker.

MR. SPEAKER: Order, please!

The hon. the Opposition House Leader, on a point of order.

MR. SULLIVAN: Thank you, Mr. Speaker.

I think it is important to note that we do not have a quorum here at the moment for carrying on the government business of the day.

Quorum

MR. SPEAKER: Order, please!

The quorum is now present.

The hon. the Minister of Mines and Energy.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

The Chair has recognized the hon. the Minister for Mines and Energy.

MR. GRIMES: Thank you, Mr. Speaker.

I apologize that today I am probably much like my tie here, if you can hear it, a little bit off key, a little bit out of tune. That is probably why the members vacated me when I was speaking, because I wasn't up to my normal form. So we will see how it happens.

The point again that I was making was that in the debate that actually was the pivotal debate in the Province in 1994, the government had promoted for several weeks the notion that privatization of Newfoundland and Labrador Hydro was the right policy direction for the Province. The Opposition parties, the public generally and even some of our own members, indicated that they did not think that it was in the best interest of the Province at the time, and that Hydro itself, as it is known in Newfoundland and Labrador - Newfoundland and Labrador Hydro, but everybody refers to it as Hydro - the public utility, should stay in the hands of the people; that it was actually an asset to the people of Newfoundland and Labrador and that it should continue in its position of being able to be used as an instrument of public policy; and that at points in time the government, with Hydro, should be able to decide upon priorities that are deemed at any particular point to be necessary and in the best interest of Newfoundland and Labrador.

There was a debate that was going on in the Legislature, as all members will recall. It was actually at second reading. The debate was suspended, a vote was not taken and privatization did not occur. However, in preparing for privatization - because admittedly that was the government's agenda and plan of the day - there were amendments made to two particular acts that actually provided for a circumstance where we would operate in a privatized hydro environment. The two acts that were changed were the Electrical Power Control Act and also the Public Utilities Act.

The effect of it was this. The changes in the Electrical Power Control Act basically structured Hydro not as a public utility any more, but considered it to be a commercial entity, whereby the overriding concern was that Hydro was instructed, under the Electrical Power Control Act, to take decisions that would reflect in the best possible bottom line as if it was a private company. That is the tenor of the Electrical Power Control Act today with respect to references to our public hydro.

There was even a more critical change made to the Public Utilities Act which stated, in preparing the way for privatization, that because Hydro was going to be privatized the only way - and we have had an experience with this already, members will recall - a new hydro development or a new electric generation development of any kind could be considered in the Province to add energy components to the electrical grid of Newfoundland and Labrador would be that there would have to be a call for proposals. The Public Utilities Board was instructed to

only permit the lowest cost option to come on stream, because it was considered to be a private environment, a private sector operation, and therefore profitability and lowest cost were to be the only considerations. That is the important point.

The legislation today says in both acts that the only thing that is allowed to be considered is that any new electricity coming on line must have been judged by the Public Utilities Board to be the cheapest electricity. I think everybody has understood, through the 1960s right up to the 1990s, that some of the electricity that we are providing in isolated communities with diesel is not the cheapest electricity, and would never be in place if the only thing allowed was to bring on the cheapest electricity. In the context of privatization, which was the debate, the legislation that is in existence today assumes that we operate as if we are in a private environment. So those two pieces of legislation read exactly that way. I am sure the examination of it by the Opposition parties would concur.

Just to give an example, most recently, in anticipation of a potential smelter and refinery at Argentia, we knew we were going to need an extra 200 megawatts of energy. The electrical grid for the Province only had surplus capacity of in the range of 30 to 40 megawatts. In preparation for what Inco had announced it was going to do in Argentia four years ago, under the current legislation we had a call for proposals. Because we could not go out and say: You go and build 200 megawatts, no matter what the cost. The legislation absolutely required that the only way Hydro or anybody else could consider bringing on new sources of electricity was to go to the PUB and prove that it was the least cost power, the lowest cost. That is the only thing allowed to be considered under the present legislation.

I think that the House and the representatives here, and the people of the Province, understand that there are circumstances and there will be circumstances where we will need electric energy - it will have to be generated because we do not have it available at the present time - sometime in the next decade or longer, while we are waiting for an in-feed from Labrador. If the only way you can bring it on is to go through a proposal where it has to be lowest cost, then there may be circumstances whereby a development that needs to occur because it is in the best interest of the Province, either for continued social development or continued economic development, that we need to be able to consider something, even though it might be marginally a little higher in cost than some other options that could occur that would not fulfill the immediate need but would provide energy to the grid but not necessarily fulfil an immediate need.

We have circumstances, for example - and I suggest that these are potential examples for the exemption clause that is being anticipated here - where we have industrial users, such as the paper mills, which have indicated to the government that they would like to secure their own operations by having co-generation plants available on their own property, utilizing waste materials and other things, but that the cost of it compared to other developments might be a few pennies higher than some other river project somewhere else in the Province. It does not give the government even an opportunity to consider the combined effect of securing an industry and providing energy. Because right now the act says you can only consider it if it goes through the PUB and if it is judged after full examination to be absolutely the lowest cost.

The solution to that is to provide an exemption, understanding that, as a result of the energy policy review that is ongoing and at a partial stage of completion, we may go with some other amendments that may be required to one or both of these acts, depending upon the outcome of that review, which will be fully debated and made known in the Province and so on. Currently we do know one thing. Even in advance of the completion of the energy policy review, we do know - and it reaffirms - that this government is not contemplating privatization. It is not on the agenda in any way, shape or form. The legislation today contemplates and restricts any kind of development to a privatized environment. It contemplated that and that is why the changes were made.

I will listen to the proceedings in the debate with interest to try to answer any particular questions or concerns that may be raised, but I just wanted to put in terms of that context. We are requesting passage of these couple of exemption clauses to the two necessary pieces of legislation so that the government can go back to the pre-privatization debate and let Hydro run itself the way the people of the Province want it to be run, and the way we understand that the Opposition parties asked us to leave Hydro, so that it could be an instrument of public policy

in the Province and could be used for other than a privatized commercial environment which both acts restrict it to today.

I hope those few comments have been instructive and helpful in terms of framing the debate, and look forward to participating further in the debate and answering any concerns that might be raised.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

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

MR. SULLIVAN: Thank you, Mr. Speaker.

They were as equally constructive as they were in 1994, but the minister -

SOME HON. MEMBERS: Oh, oh!

MR. SULLIVAN: I am really impressed by the minister, with his humble but apologetic flip-flopping here today. I must say, I am really impressed.

MR. GRIMES: (Inaudible) any Hansard quotes.

MR. SULLIVAN: Don't worry, it has already been done and I don't wish to belabour it here today. I won't belabour it. Anybody who wants to read Hansard, it is there for the record. It is humorous to sit here, I not only found it so informative, provocative, hardhitting; it was a complete, other end of the spectrum there we heard here from the very same minister, the very same people, just five years ago. What wonders time will do to people's minds, or what different leaders will do to people's minds.

AN HON. MEMBER: (Inaudible) five years ago.

MR. SULLIVAN: He sure was; and, I might add, there were others silly enough to speak, not only him. Bill Wood, I think it was at the time -

AN HON. MEMBER: Older and wiser (inaudible).

MR. SULLIVAN: I am not sure. Older.

He made an interesting point with the low cost. I was listening on the radio this morning as I was coming in, talking about low cost, and the Premier indicating now that this transmission line, I think, with the offshore gas, may have undermined their position with the feds. Now that is a good reason to put forth but, because their position was never on, the feds were never bought into it.

AN HON. MEMBER: It was never on.

MR. SULLIVAN: Exactly, the feds never bought into it.

How do you justify - if you work on a point system in the U.S., exchange of using a point system, saying: Well, it should be worth \$2 million for us to bring down to reach the Kyoto limits that they anticipated meeting, which they can meet - Newfoundland giving its contributory share - that should be worth a few pennies in the coffers here to be able to do that exchange.

I attended an environmental conference in the U.S. and they looked at companies, what they do there in purchasing their points - the Environmental Protection Agency. There were some very interesting discussions, I might add, and it has implications. It is a whole universal problem. It is a major thing for Canada and the U.S. in dealing with this, but the low cost of natural gas and the abundance of it there, they burnt off probably more than

MR. OTTENHEIMER: Thank you, Mr. Speaker.

I have just a few comments on Bill 51. Unfortunately, I missed the introductory comments of the minister this morning. I was involved in an appeal that I had to attend to in the adjacent building and I missed, I am sure, what were very enlightening comments as the minister introduced this particular legislation.

What I will simply indicate is that there are some implications, I would say to the members of this House, and there are some points of view that I am sure would want to be made, perhaps not at this particular time during debate on second reading, but certainly as we enter into the Committee stage.

I would say, in view of the fact that we are essentially only talking about two or three sections, that we would have significant opportunity, one would think, to enter into meaningful debate upon some implications perhaps that may not be as apparent, I say to the hon. minister, and that it would give an opportunity upon review of the introductory comments that were made earlier this morning by the hon. minister to perhaps express some concerns and make some observations when the opportunity arises during the debate in Committee.

I would simply say that I will reserve my comments for that opportunity which obviously will come during clause-by-clause debate in the next coming days; however, I would say that there is a reason why this legislation is being introduced at this particular time, just days before the adjournment of this House prior to the Christmas recess. There is a reason, and a few days will now allow us to find out perhaps why this legislation is being entered into, or being distributed at this time, so that the opportunity may be given to members to participate in this particular bill.

Thank you, Mr. Speaker.

MR. SPEAKER: If the hon. minister speaks now he will close the debate.

The hon. the Minister of Mines and Energy.

MR. GRIMES: Thank you, Mr. Speaker.

As indicated by the Opposition critic, the Member for St. John's East who just spoke, I am sure that the members of the Official Opposition and the New Democratic Party will take further time to look at the amendments and discuss them further at the Committee stage and look forward to participating at that point.

I can, though, with respect to the Member for Signal Hill-Quid Vidi, the Leader of the New Democratic Party, indicate that the information that we have is that there would be no need to generate any additional electricity in Newfoundland and Labrador for the hydrometallurgic process that Inco is considering discussing with us. My understanding of it is that the electrical requirements for a plant of that nature would be in the range of thirty-five to forty megawatts, which Newfoundland and Labrador Hydro indicate to us are already available within the grid at this point, and particularly for the foreseeable future where the construction might occur. So, it is not an issue that is in any way related to Voisey's Bay; however, Mr. Speaker - and I would be quite forthright in indicating to the Legislature that Hydro itself, which I believe everybody in this House now acknowledges would like to have as a real public utility, have indicated that they do have some concerns.

They understand that an in-feed is being negotiated as a possible long-term solution with respect to having electrical energy from Labrador available on the island, but if that does come to fruition we are talking about ten or twelve years out, if at all, and they have indicated to the government that there will be a need for some additional generation to cover their intervening period. They are not exactly sure of the timelines yet, but they have given notification that they will be requiring and requesting some new generation sources for the Island before 2012 certainly, and that the process that is available to us now, as we have all just witnessed when we talked about it before, is that if any project is to be considered then a call for proposals has to go forward and a whole host of private entrepreneurs, as happened the last time, would come forward and say: I think I can produce the least cost energy.

I don't mind mentioning this as well. There are other projects such as Granite Canal, which is in the same watershed as the Bay d'Espoir, that Hydro could develop quite readily. In an assessment that was done in the last call for proposals, my recollection is that it was rated as number one, even with the Public Utilities Board's scrutiny in terms of lowest costs, and the idea would be that if it is needed to go forward on a timely basis, that they just go ahead and proceed with that rather than have to go through a call for proposals again.

Those notions are there, and that is the kind of thing that we are contemplating with respect to this, as well as the one I mentioned in my opening remarks and introduction, that we have had inquiries from current industrial users, like our paper mills and so on, who could further secure their own operation, reduce their own costs by having low-cost energy available to them for their own needs - much as is done in Grand Falls-Windsor now where they supply almost all of their own needs - and then they could sell any excess power back into the grid, so you would meet two needs. You would have environmental concerns of using bark and other types of things to generate electricity at site and combine more than one public interest, even though the cost as examined by the Public Utilities Board might be a little, tiny bit higher than the Granite Canal, for example. Those are the issues that drive this particular initiative at this time, Mr. Speaker.

With respect to the Leader of the Opposition, and again I look forward to answering questions in more detail at the Committee stage, I do, at this point, admit to having some fuzzy recollections of the 1994 debate, and - understanding that words are somewhat important - if he is busy at other tasks over the weekend and doesn't have time to research Hansard, I will be quite happy to relieve him of that obligation that he has made to the House, if he is so inclined.

Mr. Speaker, I guess we do acknowledge and we do learn and we do listen to the people, even though in some instances we might be a little bit of a slow learner, as we are in this case - it might takes us four or five years - but we appreciate the spirit of the debate and look forward to more detailed examination at Committee stage.

With that, Mr. Speaker, I am glad to move and pleased to move second reading of the bill.

On motion, a bill, "An Act To Amend The Electrical Power Control Act, 1994 And The Public Utilities Act", read a second time, ordered referred to a Committee of the Whole House tomorrow. (Bill 51)

MR. SPEAKER: The hon. the Government House Leader.

MR. TULK: Mr. Speaker, Order 21, Bill 30, "An Act To Amend The Wilderness And Ecological Reserves Act".

I believe the debate was adjourned by the Member for Signal Hill-Quidi Vidi.

MR. SPEAKER: Order, please!

Before recognizing the Member for Signal Hill-Quidi Vidi, on behalf of all members I would like to welcome to the public galleries fifty Grade IX students from Roncalli Central High in Avondale.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: These students are from the districts of Harbour Main-Whitbourne and Conception Bay South. They are accompanied by their teachers, Mr. Phil Griffiths and Mr. Keith McCarthy.

The hon. the Member for Signal Hill-Quidi Vidi.

MR. HARRIS: Thank you, Mr. Speaker.

I would just like to continue briefly on the debate on Bill 30, An Act To Amend The Wilderness And Ecological Reserves Act. This is an important piece of legislation, and even more important is the whole possibility or plan for the protection of special wilderness and special ecological areas in the Province. The fact of the matter is that