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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Terre- Neuve et Labrador | 38e | 4e | Discours du Trône | 11 mars 1982 | William Anthony Paddon | Lieutenant Gouverneur | PC |

I have the privilege and pleasure of welcoming you to the Fourth Session of the Thirty-Eighth General Assembly of the Province of Newfoundland.

Newfoundland's reason for being is the sea. Those who first arrived on our shores and those who stayed did so with a singleness of purpose -- to harvest the living resources of the surrounding sea. Now, in our time, our resources beneath the sea, the hydrocarbons of the Continental Shelf of Newfoundland and Labrador, have emerged as another resource to be extracted from the Newfoundland offshore environment.

Our people have long known that the bounty of the sea exacts a cruel toll. Our history records a litany of marine disasters -- the overturned dory, the swamped schooner, and the iced trawler. Each has brought its cup of agony and sorrow. And now once again we are faced with the treachery of wind and wave, the might of the raging Atlantic and man's unending need to do battle against the awesome forces of nature. The tragic loss of the 84 men of the Ocean Ranger has again displayed the dual nature of our relationship with the sea. Newfoundland's foremost poet, E.J. Pratt, described this relationship when he penned the words of that well known poem, aptly entitled "Newfoundland":

"Here the winds blow,

And here they die,

Not with that wild, exotic rage

That vainly sweeps untrodden shores,

But with familiar breath

Holding a partnership with life,

Resonant with the hopes of spring,

Pungent with the airs of harvest,

They call with the silver fifes of the sea,

They breathe with the lungs of men,

They are one with the tides of the sea,

They are one with the tides of the heart,

They blow with the rising octaves of dawn,

They die with the largo of dusk,

Their hands are full to the overflow,

In their right is the bread of life,

To the waters of death."

Mr. Speaker and Members of the Honourable House of Assembly:

My Government is concerned with the amendment to The Merchant Act of 1920 The Jones Act, which the United States is presently considering. This amendment would interfere with the rights of non-residents of the United States to sue American companies whose vessels operate in foreign waters. While this would not present a problem for any claims arising from the Ocean Ranger disaster, the amendment could in future have adverse effects for Newfoundlanders working on American rigs and for their relatives. My Government will be introducing a Resolution into this Honourable House requesting unanimous support for a request to both Houses of the American Congress that the proposed legislation be withdrawn. It is proposed that this Resolution be presented in person by the Speaker of the Newfoundland House of Assembly to the Speaker of the Senate and the Speaker of the House of Representatives in Washington.

One of the first major steps my Government took upon assuming office was to establish a Task Force of Newfoundlanders to examine the issue arising out of the unfairness of the Upper Churchill contract. As a result of its recommendations, my Government resolved, with unswerving determination, to recapture the massive Upper Churchill resource for the economic benefit of the residents of this Province.

Accordingly, through firm legislative action embodied in The Upper Churchill Water Rights Reversion Act, my Government subsequently moved decisively to regain control of this Province's largest hydro project and to secure justice and equity from the Upper Churchill hydro development. My Government undertook to withhold proclamation of this Act until the courts had confirmed that it was within the powers of this House of Assembly.

Last week, in a landmark decision, the highest Court in this Province ruled that this legislation is valid. My Government is confident that the Supreme Court of Canada will concur with the very learned and most cogent decision of the highest Court in this Province.

All Newfoundlanders will rejoice with my Government in this historic decision which can mean so much to improve the living standard of our people and give Newfoundlanders an opportunity to acquire economic equality with other Canadians.

Mr. Speaker and Members of the Honourable House of Assembly:

My Government has received this vitally important decision as another vindication of its policy to control and manage the resources of this Province for the benefit of our people. My Government reaffirms its determination to assert the rights of Newfoundlanders and Labradorians to their rightful heritage. The fruits of this policy have been realized in the renegotiated power contracts with the Electric Reduction Company of Canada and with the Paper Companies' operations in Corner Brook and Grand Falls. Confirmation of this Province's action in passage of The Reversion Act is another significant step forward towards achievement of our resource policies.

The goal of this Province to obtain necessary control over the assets and power potential of the Churchill Falls plant is coming closer to reality and my Government is mindful of the necessity of defining alternative uses for the power generated there from. To this end my Government reaffirms its policy of dedicating power generated within the Province firstly towards users within Labrador and Newfoundland. Power surplus to our immediate needs can be available for sale outside the Province on a reasonable recallable basis, but at fair prices subject to escalation in conformity with market conditions.

Almost at the same time as the rendering of this historic decision, technological advances have made the Cabot Strait crossing feasible. A recent study by the Lower Churchill Development Corporation has confirmed the technical feasibility of a transmission line from the Island of Newfoundland to Nova Scotia, across the 120 kilometre Cabot Strait. Such a link would assist the Maritime area in its oil displacement program and could be extended as well into parts of the north-eastern United States where the demand for Canadian hydroelectric power is increasing at a rapid rate. Power carried over these transmission lines from the Upper Churchill would translate technical feasibility into economic and financial feasibility. It will be remembered that my Government is also pursuing with the Government of Canada the development of the Lower Churchill sites at Gull Island and Muskrat Falls, adding further to the feasibility of a linkage between Labrador power and markets in the rest of Canada and the United States.

The Government of Canada has assured the Government of Newfoundland and Labrador that it is willing to allow the National Energy Board to grant to Newfoundland the right to transmit electrical energy from the Lower Churchill across Quebec into Ontario, the Maritimes or the north-eastern United States. Early passage of this legislation in the Parliament of Canada is eagerly anticipated.

With enactment of this legislation, my Government will have achieved long sought legal recognition of its right to transmit electrical power generated within the Province through sister Provinces to market with the same freedom as oil and gas are now transported inter-provincially. With the Cabot Strait crossing it is possible that Newfoundland and Labrador will be able to select between alternative routes of transmission.

Mr. Speaker and Members of the Honourable House of Assembly:

As already noted, it is with pride that my Government announced recently the renegotiation of the fixed price power contracts with Bowater and Abitibi- Price. Legislation will be brought before you for your consideration which will ratify these revised and improved contracts.

The net effect of these renegotiated power contracts will result in Government receiving an additional $120 million in the seventeen years remaining on their contracts. Combined with the additional revenue from ERCO of $146 million, this means that the total benefit gained for the people of this Province over the life of these renegotiated contracts is $266 million. Now that we have achieved fairness and equity in negotiations with our corporate citizens within the Province, is it not reasonable to expect that same fairness and equity from the Province of Quebec with respect to the Upper Churchill Power Contract ?

In the same way my Government believes it is reasonable to expect the same fairness and equity in its negotiations with the Government of Canada concerning offshore resources. My Government believes it has the right to expect the same fairness and compromise from the Government of Canada as from private corporations. Within a federal country, it is essential that both levels of Government be prepared to negotiate toward agreements which accept the principles of constitutional equality and co-operative federalism.

The renewable resources of this Province, fish, forests, hydro power and farming, are at the centre of my Government's resource policy for the future. The rural society of our Province has traditionally drawn its livelihood from these renewable resources and we expect this to continue in the future. The many needs of our Province, however, call for additional revenues and my

Government believes that the proper development of offshore oil and gas can be the means to relieve our financial constraints and provide the funds necessary to bring the level of services up to the level enjoyed by other Canadians. These revenues also provide the means for the further development of our renewable resources.

The fishery will always play a vital role in the Newfoundland economy. It was the fishery that brought our forefathers to this Province and the fishery will continue to sustain a unique quality of life for our people. With proper management, the fishery will continue to provide jobs and incomes for generations to come. Our water power, our forests and our farm land are renewable resources which will continue into the future, without impairment, enriching the lives of our people.

While our renewable resources hold the key to our long-term prosperity my Government believes that non-renewable resources provide the opportunity to achieve a higher level of economic well being. In particular, offshore oil and gas now present this Province with a unique opportunity to break out of the economic bondage which has enslaved us for so long. The wealth of our offshore resources has the potential to transform the Newfoundland economy and to eliminate the disparity in incomes which has persistently continued over the decades in spite of vigorous attempts to achieve economic prosperity. Yet this potential to achieve economic equality with the rest of Canada can only be realized through proper management of this resource. Unless offshore oil and gas are managed soundly, Newfoundlanders will be denied the rare opportunity to achieve Canadian standards of economic well being.

Mr. Speaker and Members of the Honourable House of Assembly:

When the Dominion of Newfoundland became a partner in Confederation in 1949, the Terms of Union confirmed that the resources belonging to us prior to Union were to be retained and fully protected in the Constitution, just as they are for all other Provinces. Section 37 states that:

"all lands, mines, minerals and royalties belonging to Newfoundland at the date of Union ... shall belong to the Province of Newfoundland".

The purpose of this clause was to maintain the position of Newfoundland as a partner in Confederation and to ensure it would continue to have control over its natural resources.

My Government has consistently asserted this Province's ownership of the mineral resources on its Continental Shelf. This conviction is founded on the fact that ownership of these resources resided with the Dominion of Newfoundland before Confederation with the Dominion of Canada, and our ownership rights were not alienated in that process. Nevertheless, the Government of Canada lays claim to ownership of the Continental Shelf surrounding Newfoundland and Labrador and would see the rights of this Province subordinated to its own goals and ambitions.

My Government will continue to strive to protect the birthright of our people. For too long, the benefits of our natural resources have enriched areas removed from our shores while our people contend with a standard of living and a level of opportunity far below that enjoyed by other Canadians. In keeping with the Canadian tradition of negotiation, my Government demonstrated its willingness to resolve the offshore ownership dispute by entering into discussions with the Government of Canada to negotiate in good faith a joint management and revenue-sharing regime, putting aside the ownership question.

Unfortunately, my Government’s spirit of cooperation and compromise did not meet with a similar response from the Government of Canada, and we were forced to lay our case before the Court. My Government is confident that our case for ownership will withstand the test of justice.

Mr. Speaker and Members of the Honourable House of Assembly:

The basis on which my Government entered into negotiations with the Government of Canada was that the exclusive claim to ownership of both parties would be set aside and that a system of joint management would be established which would allow these rich offshore resources to be managed through a partnership between both orders of Government. My Government entered into discussions with the understanding that the question of ownership would be put aside during negotiations, and permanently if the negotiations were successful.

The objective was to achieve a permanent agreement whereby these offshore resources could be managed in such a way as to achieve the objectives of both Governments. Unless ownership is put aside and a permanent arrangement is found, the danger exists that an agreement can be torn up at any future time.

During negotiations, the Government of Canada intervened in a labour relations question in such a way as to bring before the Courts the question of offshore ownership. The Government of Canada thus broadened a labour relations dispute into a dispute concerning the jurisdiction over offshore oil and gas. My Government took the position that this dispute was fundamentally a labour relations issue and not a question of resource ownership. This position has been vindicated by the recent decision of the Federal Court of Appeal, which has just rendered a decision in this case confirming that the matter is one of labour relations, rather than resource ownership.

Furthermore, the Government of Canada continued to assert its ownership at the negotiating table and proposed an agreement fundamentally grounded in federal ownership and regulated under federal legislation. The Government of Canada has recently proposed that the agreement reached with Nova Scotia be used as the basis for an agreement with Newfoundland. The agreement with Nova Scotia places total control in the hands of the Government of Canada and explicitly provides for the application of federal legislation and for administration to be carried out by federal officials.

This agreement does not provide an adequate share of revenues into the future. It allows the provincial revenue share to fall rapidly as the level of revenues increases and the provincial share vanishes entirely when the fiscal position of the Province reaches a certain threshold level. Any agreement which failed to recognize the enormous shortfall which exists in both our

fiscal and economic positions would be unacceptable to my Government. Just as unacceptable would be a joint revenue sharing system whereby the Federal Government would receive 100 per cent of additional oil and gas revenues beyond a given level, while the Province received nothing. Any agreement based upon that signed with Nova Scotia must be rejected as denying the concept of joint management and falling far short of an acceptable share of revenues. It must also be recognized that the absence from the agreement of any meaningful joint management gives the Federal Government the power to change the revenue share unilaterally.

My Government will be presenting its reasons for rejecting this type of agreement, and will be revealing for the first time the essential elements which my Government believes to be necessary in any agreement which will serve the long-term interests of this Province. The Newfoundland proposal to the Government of Canada provides for a settlement whereby offshore resources would be jointly managed to achieve both national and provincial objectives

while at the same time sharing the financial benefits with other Canadians.

The settlement proposed by Newfoundland would permanently resolve the ownership question by creating a partnership whereby the resources will be jointly managed. Both parties would be protected by having a permanent joint management agreement. This would provide stability and security for private investors and would prevent either Government from making unilateral changes or from undermining the agreement.

Mr. Speaker and Members of the Honourable House of Assembly:

Newfoundland's position will be fully presented to the people of this Province and it will be clearly shown why the agreement proposed by the Federal Government would have been totally unacceptable. Within the context of a negotiated agreement, Newfoundland's economic and social objectives can only be met through a system of joint management. The principle of joint management is vital to any negotiated agreement. While the question of revenue sharing has enormous significance, it is also critical that the Province be able to use these offshore resources through shared management as an instrument to achieve its social and economic objectives.

The benefits of revenue sharing will be realized after the development phase has been completed and after Hibernia oil has begun to flow. In the vitally important intervening years before production is brought on stream there will be enormous economic benefits to be captured in the development phase, in which billions of dollars will be spent to create the necessary production and distribution system. The benefits of this early development phase can only be captured if Newfoundland has the opportunity to participate with the Government of Canada in managing these first phase developments. Through such joint control, industrial benefits and employment opportunities can be realized within the Province. For this reason, joint management is a "bread and butter" issue for Newfoundlanders in search of employment.

Joint management of our petroleum resources is imperative. The development of this great resource will touch the whole fabric of Newfoundland society and will have widespread implications. National and provincial economic aspirations must therefore be tempered with a sensitivity to the social and cultural objectives of this Province so that the unique way of life which we cherish is preserved. A meaningful management role for the Province will permit development at a level compatible with the capacity of the local economy. A controlled rate of development through joint management will allow the Province to respond to the opportunities and to minimize the social disruption which inevitably accompanies such massive scale development. Joint management will also allow economic benefits to be distributed throughout the Province so that existing communities will remain viable in an economically healthy Province.

Without a role for the Province in managing these great resources there would be no means to ensure equitable sharing of benefits throughout all regions of the Province. It is not realistic to expect the Federal Government to exercise from Ottawa the local sensitivity which is required to make decisions which will ensure that all regions of the Province share in the benefits. The fishery provides an illustration of the danger associated with federal control over provincial development and where the absence of an adequate provincial management role allows important resource decisions to be taken in isolation from provincial priorities.

My Government views with deep concern the statements from the Government of Canada, urging that Newfoundland must accept an agreement based upon the settlement recently reached with Nova Scotia. It has been suggested that unless Newfoundland signs such an agreement our people will be forced to accept an inferior settlement, which would fall far short of meeting the essential requirements of this Province. Such statements, coupled with the attitude which led to the federal intervention in the labour relations case involving the Seafarer's International Union, reflects loss of faith in co-operative federalism. My Government shares no such despair for the future of federalism. Rather, my Government is convinced that relations between the two orders of Government in Canada must be characterized by consensus, mutual assistance and respect for constitutional equality.

While a negotiated settlement was preferred, the failure of the Government of Canada to set aside its claim to exclusive ownership made it necessary to place a reference before the Newfoundland Supreme Court. My Government regrets that this was necessary.

My Government is extremely concerned with the recent proposal that the Government of Canada might place the ownership question before the Supreme Court of Canada. Such action might pre-empt the Newfoundland Court of the opportunity of giving a judgement on this matter and would be unacceptable to my Government. My Government firmly believes that our people have the right to a decision by the highest Court in the Province on a matter vital to Newfoundland and Labrador.

Mr. Speaker and Members of the Honourable House of Assembly:

My Government continues to believe that a negotiated settlement which will benefit all Canadians can be concluded, and has proposed to the Government of Canada the basis for an agreement. The negotiation of such an agreement requires that both parties bargain in good faith to seek an agreement based upon a partnership arrangement. Such a partnership arrangement would provide for joint management, without domination by either side.

The great strides which have been made in assuming control of our resources will be of lasting benefit to Newfoundlanders. The firm action taken through legislation, negotiation and through the Courts has already created tangible benefits, which will increase over time. The recent victory in The Upper Churchill Reversion Act augurs well for the future. The prospect of regaining control over our hydroelectric resources holds great promise for a more prosperous Newfoundland. The prospect of offshore development either through a negotiated joint management agreement or through Provincial control from a Court decision also promises a release from the poverty of the past.

These resource management decisions are directed toward providing a higher quality of life within this Province. In this respect, resource management is the servant of social policy. Government can only provide an adequate level of services if it has sufficient financial resources. The ultimate aim is human development. My Government is determined to persist in its efforts to secure a better future for Newfoundlanders by sound management of our resources. At stake is the standard of living of our people and the quality of our public services.

Mr. Speaker and Members of the Honourable House of Assembly:

Without the revenues to provide Canadian levels of services in health, in education, in social services and in justice, this Province will never attain the standards of social equity and human development already enjoyed by other Canadians. We seek to manage our resources as a means toward human betterment and not from an instinct of greed or materialism.

For the people of Newfoundland and Labrador our offshore resources offer an opportunity to generate wealth and to promote economic strength and social justice. This offshore heritage, along with the other abundant resources of our Province, offers an opportunity to respond to the urgent needs that must be met. It is difficult to convey the magnitude of these needs without describing the plight of individuals in difficult situations caused by economic privation. The personal stress brought on by economic hardship is difficult to describe in words or through statistics. However, some indication of the economic shortfall that must be bridged by resource management and control is given by the fact that per capita earned incomes remain at roughly half the national average, the same level recorded at the time of Confederation in 1949. Also, thirty-three years after Confederation the Province's unemployment rate is twice the national average. My Government's action will recapture our natural resource heritage so that this economic disparity, which rends the unity of the national fabric, can be removed. Indeed, this Province's natural heritage will bring great wealth to Canada as well as to Newfoundland, and we rejoice in this knowledge. The measure of our sharing will reflect the greatness of our heritage.

The well being of Canada as a nation is the sum of the states of well being of its constituent parts, the Provinces of Canada. The greatness of Canada depends upon the health and prosperity of each Province. My Government is committed to an economically strong Newfoundland where compassion and social justice flourish in a Province which enriches a socially just and economically strong Canada.

Mr. Speaker and Members of the Honourable House of Assembly:

The Public Accounts for the period ending March 31, 1981 will be placed before you, for your usual thorough review.

You will be asked to grant supply to Her Majesty.

I invoke God's blessing upon you as you commence your labours in this Fourth Session of the Thirty-Fifth General Assembly. May Divine Providence guide you in your deliberations.