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VERBATIM REPORT

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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 10:55 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order!

HON. J. R. SMALLWOOD: (PREMIER): Mr. Speaker, the House might like to hear a little more than I was able to say yesterday about the incident that occurred at Churchill in connection with some twenty-two Newfoundland workers.

These twenty-two men were twenty-two of a total of twenty-eight Newfoundlanders that were employed by Foundation Lundrigan, the firm that are doing a lot of the work down there. And they were employed on staff, as members of the staff, monthly men. They, therefore, did not come and they do not come under the joint Union Labour Agreement for the period of the project.

The House is aware that the vast majority of the workers on the Churchill Project are covered by a collective union agreement signed by, I think, sixteen unions and the contractors for the duration of the job, eight or ten years, with built-in increases in pay and escalation of one kind and other for the whole period. But, these men do not come under that agreement because they are not hourly men, they are monthly men paid so much a month. And what happened apparently, (and I say "apparently" because the matter is being very carefully investigated) what happened was that some of the men, three of them I believe, were to be demoted to be labourers, because the employers alledged a surplus, that they had more men than they needed. The job, I suppose that particular job, survey job, rod men and so, on was coming to an end and they needed fewer men, so three of the men were reduced in status and therefore came at once under the union agreement. But the remaining men did not, they were staff. So the remaining men signed a declaration that the three men had to be restored, their status restored, or they would quit.

So the question arises; did they quit or not, as the case might be? Now within that broad problem there is the problem of rates of pay. And how

MR. SMALLWOOD: many days or how many hours a month these men on staff, not covered by the union agreement, might be expected by the employers to work in a month. How many days? How many hours in a month? And at what rates of pay? That is an important aspect of the matter. But this is, as far as I can go at the moment, and my colleague, the Minister of Labour and his staff, his very able staff, are following up the matter very, very carefully indeed.

It was first brought to my attention by one of the twenty-two men who telephoned me and gave me the story. I took on from there. As further information is obtained it will be passed on to the House.

MR. A.J. MURPHY: (LEADER OF THE OPPOSITION): Mr. Speaker, possibly I might be excused if I just ask one or two questions of the Premier on this matter. We had the statement, The first time it has come to my attention was yesterday when the Premier made the statement, the press or nobody else had any record of it. And it was suggested that possibly a committee should be set up. We had a select committee go down there and apparently they made the report and everything was in order.

MR. SPEAKER: The hon. member may ask a question but not make a speech.

MR MURPHY: Thank you, Mr. Speaker.

I will ask the Premier now, in view of his statement and very many other isolated requests that we get, is it not essential that some type of commission be set up to investigate all the working conditions at Churchill Falls?

MR. SMALLWOOD: Mr. Speaker, the Government do not think so, sincerely and honestly do not think that ought to be done. This House of Assembly sent three of its members to Labrador last year, one hon. gentleman from the Opposition side, and two from this side of the House. These hon. members went down there and they met many people and came back and reported that an overwhelming majority of the talk you would hear was without foundation.

Now on every great project there is bound to be talk, bound to be. Some of it will have foundations, some of it will not. We do not think there

MR. SMALLWOOD: is any need at the moment to have an enquiry. We have a man stationed there, an experienced labour man, in the person of Mr. Conway,

AN HON. MEMBER: Mr. Thomas Conway.

MR. SMALLWOOD: Mr. Thomas Conway, with many, many years of experience, a Newfoundlander, a common Newfoundlander like all of us, living there right on the spot, in touch with all the situation, and the unions are there. We had some discussion of that earlier in the session. We do not think, frankly, that there is need. The moment we think there is need of a public enquiry we will have it. Why should we not? But we have to think there is need of it before we will appoint it, obviously. We are not going to appoint a public enquiry until we think there is one needed. We would be pretty stupid to appoint something we did not think there was need of. At the moment we do not see any need for such a public enquiry, but we are watching the thing very closely.

I may say that I personally take the phone and I call the Chairman of the Board of that company and I call the President of that company and the Chief Executive Officer, I call the top men of that company there in Churchill Falls. I am in constant touch with them. I call the contractors, in this case I called the contractors involved. But that is a sort of *ex cathedra* sort of thing that I do as Premier, throwing a little weight. But it is the Department of Labour that does the real investigating. I take it up with the highest levels and I get them jumping and I get them hopping. And they do hop. They do not want any trouble. They do not want any ill-will, and they are very eager to prevent it or to cure it. I can assure the House, I can assure my hon. friend of that.

PRESENTING PETITIONS

MR. JOHN CROSBIE: Mr. Speaker, before you proceed to presenting petitions I have a question or two in connection with the Churchill Falls situation. Are the Government aware or ^{is} the hon. the Premier aware that in connection with the administration of justice at Churchill Falls the two Tremblett brothers, who

MR. CROSBIE: were shipped out of Churchill Falls several months ago before the matter of which they were charged came to trial, They were later prosecuted in Grand Falls and since no prosecution witnesses appeared, the charges against them were dismissed. That being so, would not that indicate that there is some need for an enquiry into the administration of justice at Churchill Falls as well as hiring practices and the efficiency of the union organization there as well?

The fact that the Newfoundland Government has a representative there has not prevented this kind of situations from arising.

MR. SMALLWOOD: I quite agree with my hon. friend as to the need for a hard look, to say the least, into the question of the administration of justice. I verily believe that the Department of Justice had been doing precisely that thing and are continuing to do it. The fact that the case was handled the way it was handled is fair evidence, if my hon. friend can read between the lines, and my hon. friend from Humber East he will know what I mean and so will the former Minister of Justice.

As to the general practices of hiring, I do not think there is any particular inquiry needed into that - they are well known. What there is, of course, is a widespread discontent on the part of men who do not get jobs. There are going to be thousands of men trying to get jobs and failing, because there are not that many jobs down there, unfortunately.

ANSWERS TO QUESTIONS

HON. E.S. JONES: (MINISTER OF FINANCE): Further answer to a question by the hon. the member for St. John's West yesterday, when he asked me - if ^{that} there were any funds of the Province of Newfoundland, were invested in foreign banks? The answer yesterday was "no" and the answer today is "no."

ORDERS OF THE DAY

MR. H.B.V. EARLE: Mr. Speaker, before calling Orders of the Day may I be permitted. Yesterday when I asked a question to the hon. the Premier concerning

MR. EARLE: the national park at Bonne Bay, There was some doubt raised by him as to whether I knew what I was talking about and he referred to Hansard. I have the quotation from Hansard of May 20th. and this is exactly what the Premier said, Referring to the national park in his address he said; "This is what we are going to have. This is what we are going to get, And I prophesy here today in my closing words, I will make a prophesy we will have it, we will have it in less than a year. We will have it in less than six months, we will have it in less than a month, We will have it, well, in less than a month. I will make that prophesy. The whole program as we put it there, the whole program as in the White Paper, I have summarized the highlights of it, the highlights, there are details in between and we do not insist on every detail. We are not unreasonable, we are not stupid, we are not unreasonable, we are not foolish, we do not insist on every detail, but the broad plan from Deer Lake to St. Anthony and across the Strait of Belle, that is our plan. It will cost \$60 million, it will take four to five years to complete it." That, Mr. Speaker, bears out, I think, the gist of my questions yesterday.

MR. J. CROSBIE: Mr. Speaker, before we go to Orders of the Day I would like to ask -

MR. SPEAKER: The hon. the member for Gander has the floor.

MR. H. COLLINS: Mr. Speaker, before we get into Orders of the Day, I have a question which I would like to direct to the Minister of Highways. In due of the great discontent and dissatisfaction voiced by truckers engaged in the upgrading program on the Trans-Canada Highway in Central Newfoundland, has the minister conducted an investigation into the charges made by those people?

If he has conducted a full investigation, can he indicate to the House whether he intends to modify and update the restrictive regulation which does not permit for the greatest of safety in terms of operating and certainly does not permit the men to earn a decent days wage?

HON. H. STARKES: (MINISTER OF HIGHWAYS): Mr. Speaker, the question involved

MR. STARKES: is whether or not there should be special amounts permissible on the rear axle of a truck. The present amount is 18,000 pounds on a single rear axle. That is standard across Canada, from St. John's to Vancouver and the Yukon and the Northwest Territories. We allow a ten percent tolerance, and that is high as any province of Canada allows.

MR. COLLINS: Mr. Speaker, we have to take the minister's word that this is standard across Canada. It has also been indicated that the restriction, I call it a restriction, has been approved by the Canadian Good Roads Association. But, Mr. Speaker, this is in terms of operating on pavement. And the particular...

MR. SPEAKER: Is the hon. gentleman now going to ask a question or is he presenting an argument?

MR. COLLINS: No, I have to give a little background before I pose the question. Those people are operating on pavement in Central Newfoundland - are they going to be torn up and destroyed or to be buried by fill?

MR. SPEAKER: The hon. member is now presenting an argument, and not asking a question. Would he please come to the question?

MR. COLLINS: Mr. Speaker, well might I request the minister, on behalf of the truckers of Central Newfoundland, to have a thorough investigation carried out, because those people still feel that they are being discriminated against - and on the basis of what I have seen -

MR. SPEAKER: This is not a question. I have to advise the hon. member that it is not a question. He is making a request to the minister and he is presenting an argument, ^{in the} It is not even/the guise of the question.

MR. COLLINS: Well, Mr. Speaker, let me say this, will the minister indicate to the House whether he will have a thorough investigation carried out?

ORDERS OF THE DAY

MR. CROSBIE: I would like to ask the Minister of Health whether he can report to the House on whether or not negotiations with the representatives of the Registered Nurses of Newfoundland are concluded? And if so, what salary arrangements or other arrangements have been entered into with the nurses?

HON. F. M. ROBERTS: (MINISTER OF HEALTH): Mr. Speaker, the negotiations are not concluded. I will be communicating with the Association of Nurses during this day, further to the negotiations which were carried on by my officials. and the representatives of the nurses all day Wednesday and discussions yesterday. I do not think it would be in anyway in the interest of the nurses or of the public to say anything more at this stage. Negotiations are still going on, Sir.

MR. CROSBIE: Mr. Speaker, I would like to ask the Acting House Leader, the Minister of Health, whether the Hansard is completed up to the time we adjourned in June? And if so, when will we receive copies of Hansard? There are about three weeks missing, I think.

MR. ROBERTS: Mr. Speaker, I do not know, I will undertake to get in touch with the Editor and find out the answer and indicate it to the House.

MR. CROSBIE: Mr. Speaker, I would like to ask the hon. the Premier a question. Have there been any further guarantees made or any further advances of money by the Government or any agency of the Government to Sea Mining Corporation Limited, since the matter was last reported to the House in April or May?

MR. SPEAKER: That question could more properly go on the Order Paper.

MR. CROSBIE: I have asked a question, Mr. Speaker, perhaps the hon. the Premier would like to answer it?

MR. SMALLWOOD: Mr. Speaker, I know I am not required to answer, but the hon. gentleman is so courtesy, polite and ingratiating and handsome, especially handsome, hirsutic, (He is hirsutic all right! There is no doubt about that) that I am willing to say that in my recollection the answer is no, I do not think, since we last reported to the House, that there has been any increase in loans to that company. I may add that the company is being very carefully reviewed and examined by people in the United States and in Canada and in this part of Canada as well, namely, Newfoundland, and that it is entirely likely that some reorganization, rather sweeping reorganization, is about to take place.

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MR. HICKMAN: Mr. Speaker, a supplementary question. The investigation that the hon. the Premier refers to, sea mining, is that being carried out by a Mr. Kenneth E. Winfield in behalf of Government, this Government?

MR. SMALLWOOD: The gentleman in question, who is by way of being a bit of an expert in that field, but only one aspect of that field, namely; sales - sales promotion of the finished product is only one small part of the enquiry where the hard look is being taken. It is just one small, one of the smallest parts of the look that is being taken. He is representing the Government in the matter though. Well, he is technically representing the Government, though the Government are not paying him.

MR. CROSBIE: Mr. Speaker, I would like to ask the hon. the Premier another question, he appears to be in such a reasonable mood this morning.

MR. SMALLWOOD: I am always like - I am always that way, where the hon. gentleman is concerned, I am always the milk of human kindness.

MR. HICKMAN: Oh! there is another plot on the go somewhere, I can see that.

MR. CROSBIE: Well I hope that there is not going to be any curdly cream before this session is over... "the milk of human kindness."

MR. SMALLWOOD: That depends. That depends.

MR. CROSBIE: Well, Mr. Speaker, while the Premier is so apparently reasonable, can he tell us whether the Government has appointed, as yet any firm to act for the Government in the supervision of the Melville Fourth Mill Project at Stephenville?

MR. SMALLWOOD: The answer, Mr. Speaker, is "yes" and "no." "No," technically, "yes," actually. We have appointed Sandwell and Company of British Columbia and two of their key men have been there and discussed the matter with us. And they have been thoroughly briefed by the Department of Justice, as to the agreements and the sort of thing that they would be expected to supervise, to check and double check in behalf of the Government from a technical point of view, not from an economic or a legal point of view, but what are the things the legislation requires shall be done technically, because they are technicians.

MR. SMALLWOOD: And they have accepted the job and we are waiting to hear from them, as to how much they will charge. We do not want to close it finally without knowing exactly what they intend to charge us. But Sandwell, one of the great paper mill engineers, pulp and paper engineers of Canada, it was with that firm that our own Newfoundlander, Mr. Gerald Penny, former Mill Manager of Corner Brook was employed for years until he went with the United Nations.

The answer really practically speaking is "yes, we have engaged Sandwell."

MR. CROSBIE: In that connection, Mr. Speaker, is it not so that under the Melville Agreement the Melville Company would have to pay for the services of his -

MR. SMALLWOOD: That is right, they do pay for it, but it is only right that we should know the price as we are engaging them.

MR. HICKMAN: Mr. Speaker, on Orders of the Day, would the hon. Minister of Public Works indicate to the House when work will commence or has work commenced on the three Expo buildings as indicated?

MR. CHALKER: Mr. Speaker, I will take notice of that question.

MR. HICKMAN: Again on Orders of the Day, Mr. Speaker, would the hon. Minister of Mines, Agriculture and Resources indicate to this House what steps he has taken as a result of representations from the Fortune-Grand Bank Town Councils concerning a new community pasture in that area?

MR. CROSBIE: For the member to go out on.

ORDERS OF THE DAY:

MR. COLLINS: Mr. Speaker, before we go into Orders of the Day, I have a question for the Minister of Mines, Agriculture and Resources. There is a community pasture already being cleared in the Baie Verte road area and it is my understanding that people working there have not received their pay check for the past six weeks, can the Minister indicate if their time has been received or if the cheques have gone out?

MR. HICKMAN: Mr. Speaker, would the hon. the Minister of Supply indicate when advertisements will be carried to fill the post of Ombudsman?

MR. SPEAKER: Order!

MR. CROSBIE: Mr. Speaker, I have a question for the Minister of Municipal Affairs, could he tell the House whether the audited statement of the accounts for the town of Bay Roberts, audited by the Auditor General, have been received for the year 1969 and if so would the Minister table them in the House?

MR. DAWE: No, they have not been received but I will take notice of the question.

On motion of the hon. the Premier, a Bill, "An Act To Amend The Government-Newfoundland Refining Company Limited(Agreement) Act, 1968, And To Ratify, Confirm And Adopt An Agreement Made Between The Government, Newfoundland Refining Company Limited And Other Companies And To Make Provision Respecting Other Matters Connected Therewith," read a first time, ordered read a second time now, by leave.

MR. SPEAKER: Is it agreed?

MR. MURPHY: We agree, Mr. Speaker, if the Acting Leader of the House agrees to close at six o'clock of this day.

MR. ROBERTS: That we agree to adjourn the House at six o'clock, and meet Monday morning. That is what we agreed?

Motion: Second Reading of a Bill, "An Act To Amend The Government-Newfoundland Refining Company Limited(Agreement) Act, 1968, And To Ratify, Confirm And Adopt An Agreement Made Between The Government, Newfoundland Refining Company Limited And Other Companies And To Make Provision Respecting Other Matters Connected Therewith."

MR. SMALLWOOD: Mr. Speaker, I do not intend to engage the attention of the House very long because I do not see any particular need for me to do it. The Bill that was passed into law a couple of years or more ago is still on the statute books, it is the law of this land. What we are asking the House to consider is a series of amendments to it. The amendments, of course, had been drafted by lawyers, lawyers representing the Government and lawyers representing the Shaheen people, and these amendments are long and torturous, phrased in legal terminology, and will doubtless be considered in great detail in Committee of the Whole.

I think it is enough for me to say, in moving Second Reading of this Bill, in other words second reading of these amendments, in asking the House to adopt these amendments, it is enough for me, I think, to speak in the broadest possible terms about them. The first point I wish to make is that the Come By Chance program so far as concerns the Come By Chance, so far as concerns the refinery, so far as concerns the actual physical work, is unchanged. The project is exactly as it was passed by this House two or three years ago, that is to say it is a 100,000 barrels a day oil refinery or, more properly, a core-chemical plant, a sophisticated plant producing a number of products including core-chemical, that is the core stock for petro-chemical industry. There is no change in this. It is the same plant, it is the same project, It is the same thing exactly, physically, as was envisaged from the beginning.

What we are asking the House to do is to agree with the Government in the changes we have negotiated on the economic side of this project, Physically.

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technically, it is exactly the same, no change. The same size, the same appearance, the same design, the same number of barrels a day, the same number of employees, no change, in the same place, Come By Chance, no change. The changes we suggest and we ask the House to agree to are on the economic or financial side of the deal. Now it is absolutely imperative that I should point out to the House the urgency of prompt action, not precipitant action but prompt, that we should apply ourselves indefatigably, in the interest of the Province, to our consideration of these changes. The House is aware of the fact that its British Banks, (nine, I think, of them) that are financing this here, in the main. These banks are putting up well over \$100. million in Canadian dollars, this syndetic of banks in England and Scotland headed by Kleinwort-Benson, at five and a half per-cent interest, probably the lowest rate of interest in the world today. Interest is running eight, nine, ten, eleven, twelve per-cent but this is five and a half per-cent. The reason the British Banks can lend this money, this first mortgage money, for eight years at five and a half per-cent, is that the British Government are guaranteeing it. If the British Government were not guaranteeing it the banks in England would never dream of lending that money at five and a half per-cent, there would not be a chance in the world. But the British Government, through ECGD, that is to say the Export Credit Guarantee Department of the Government, which is in very close connection with the Bank of England and with the British Board of Trade, which is a Department of the British Government, Export Credits Guarantee Department guarantee the repayment of that money to the banks but they lay down the rate of five and a half per-cent.

If they did not guarantee it at a rate that they lay down, and remember it is ECGD that lays down the rate, not the banks. They are told what interest they are to collect on the loan. They are told by ECGD and the banks agreeing to that rate as the price the banks pay for getting the guarantee off the British Government.

Now, Sir, when the rate of five and a half per-cent was laid down it was not very much below the going rate in Britain for first class paper for large industrial projects. I do not know, in fact, what the going rate was

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but it was not as low as five and a-half per-cent and I would say not as low as six and a half per-cent. It was probably around seven, seven and a-half per-cent, something of that order, I really do not know. I do know that there was not all that difference between the five and a-half per-cent rate set by the British Government and the going rate on the commercial market. But, Sir, since then see what has happened! The five and a-half per cent rate to this moment stands unchanged but the going rate on the commercial market has gone up continually until today it is not too far short of double the five and a-half per cent.

The result is that the banks are kicking, they are kicking strenuously. Let me give the House an example of it: I will table this for hon. members to see for themselves. This is the "Times", the "London Times" of Monday, July 6th, 1970, that is eleven days ago, the "Times", the thunderer, the old thunderer, the "Times of London" and this is what they said. I will table it and I will do better than that, I have had photostats made of it and I will distribute these to all the membership of the House and to the press as well.

This is what the "Times", the business section of the "Times of London", said about this five and a-half per cent. "British bankers are now optimistic that the Government, (that is the British Government) will permit an improvement in the concessionary terms on which credit is made available for the benefit of British exporters and shipbuilders. Last year's agreement, to continue supplying credit at 5½ per cent, for periods of over seven years, formally expired last Tuesday." Now would the House please take note of that. On the 6th of July, which was a Monday, the "Times" says that the agreement between the British Government and the British Banks, for 5½ per cent money, formally expired last Tuesday, that is the 30th of June. "But the banks are continuing to make credit available at this rate, the 5½ per-cent rate, in the face of rising demand from exporters who fear that the terms may soon be changed."

Now here it is quite evident. The banks would like the rate raised, the exporters would like to keep the rate down. It is for the benefit of British exporters, factories of all kinds in Britain, for them it is good that the rate

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is only 5½ per cent because that brings business to them, to Britain for export. So the exporters, the factory people, want the rate held at 5½ per-cent but the banks are grumbling furiously and are demanding that the rate be raised. The banks are continuing to make credit available at this rate, in the face of rising demand from exporters who fear that the terms may soon be changed, they fear the rate may go up.

There has been a change of Government in the United Kingdom. "The change of Government makes a speedy end to the negotiations, which began in May, unlikely though some bankers hope that a solution may be reached within the next month or two. At issue is both the rate of interest charged and the possibility of the authorities assuming more of the burden of financing export credit themselves. A rate, (now hear this, Mr. Speaker, to quote a famous Newfoundlander hear this)" a rate of 6½ or 7 per-cent would accord more closely with overseas practice. The problem will be to find a rate which is likely to be reasonable not only now, but in the future. This makes it necessary to take a view about interest rate trends, since the purpose of export credit facilities would be defeated if the rate had to be changed at frequent intervals." They cannot change it too often.

"The position is further complicated by the review currently being undertaken by the Organization for Economic Cooperation and Development, (OECD) of the whole question of export credit. They are concerned about the implications of the growth of such credit which in Britain's case amounted to £342m. In 1969 alone, £342m is ¾ of a billion dollars, something of that order. Now that is the news item and then they have an editorial on it and I will circulate both to hon. members. "Export Credit: the Banks' unprofitable task" is the heading.

"The problem of reaching a new agreement with the clearing banks on the provision of credit lines for the benefit of British exporters and ship-builders will not be an easy one for the authorities, (that is for the Government) In the first place they will face far stronger demands than before from the banks to raise the rate of interest charged from the current 5½ per cent level, improve the existing official refinancing facilities or both. But they

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will also have to pay regard to the growing international concern, notably within the Organization for Economic Cooperation and Development, about the worldwide escalation of export credit facilities generally." Now, Mr. Speaker, this is one of the most important sentences I have read for the last ten years in my personal experience. I happen to know that the Government of Canada has recently, within the last month, raised with the Government of Britain the question of exports from Britain into Canada based on this cheap interest rate because obviously Canadian manufacturers of, for example, paper mill machinery, Canadian manufacturers of, for example, many of the things that go into an oil refinery. Canadian manufacturers find it not only difficult but quite impossible to compete with British goods shipped out here at a cost of 5½ per-cent money.

So, I happen to know that there has been discussion between the two Governments on this question of export credits from Britain, the rate of interest, the low rate 5½ per-cent, and not only that but throughout the world there is a growing concern about this same thing and there is a growing demand, certainly with OECD, a growing demand that there be a curb placed on this kind of concession because it is a sort of free trade, a type of free trade within a protectionist society.

"The banks' case is a simple one. The 5½ per-cent rate was fixed in 1962." Will the House bear that in mind, this 5½ per-cent rate of ECGD was fixed in 1962 when it compared favourably with the return open to the banks from other lending and investment opportunities. "Since then the banks have assumed responsibility for providing credit at 5½ per-cent for over seven years, for over seven years they have been lending this money at 5½ per-cent, the total volume of export credit has escalated sharply and, above all, prevailing interest rates have been far higher than envisaged in 1962. (that is the going rate). "In March" (last March) "the banks found themselves with about £850m. of "cheap" credit on their books and faced forward commitments of the same order.." Not only with £850m. on their books but faced forward commitments of about the same amount, £1600m. or £1700m.. Multiply that by 2½ and the House will see what a staggering sum of money the banks in England have

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advanced under this British Government guarantee scheme.

"These are large figures in the context of total advances, bills and credits of under £6,500m. Moreover, the blue chip interest rate and the deposit rate are 8 and 5 per-cent respectively and were recently a point higher apiece. "The banks could earn far more from deploying their funds in other ways..." the British banks obviously can earn far more than 5½ per-cent if they lend it in almost any other direction, and it is even doubtful whether lending at 5½ per-cent shows a profit margin at all. It is questionable whether they make any profit when they lend money at 5½ per-cent.

"Mr. Mather, general manager of the Midland Bank, spoke for much of the profession when he said in his recent presidential address to the Institute of Bankers that "banks are business enterprises, with responsibilities to customers and shareholders and not primarily instruments of government policy. The word "primarily" is the key. Most bankers still accept that they have a public service to perform, or at least that life could be made unpleasant for them if they refuse to recognize it," (made unpleasant for them by the government of the United Kingdom.)

"The banks' relations with officialdom are ones of swings and roundabouts. Providing cheap credit is probably a swing on which the banks must expect to continue to lose money. However, they are entitled to try to reduce the loss by pressing for better terms. Most industrialized countries employ rates higher than 5½ per-cent—the average probably lies between 6 and 7—and many operate more generous refinancing facilities. These should be concluded as soon as possible; the present state of uncertainty has led to an undesirable escalation in applications for credit while the 5½ per-cent rate still obtains. The fear of the rate going up has caused all kinds of applications to pour in for guarantees under the ECGD program of 5½ per-cent money. This again is putting more pressure. Now we have the 5½ per-cent money so long as it is 5½ per-cent money, ECGD have agreed. They will give us 5½ per-cent if we close the deal before the rate goes up while the escalation and applications for credit while the 5½ per-cent still obtains. But they will have to pay regard to the thinking of the O.E.C.D., which is concerned that the rate of expansion of export credit (40 per-cent worldwide in 1969 alone) is getting out of hand.

MR. SMALLWOOD (J.R.): Existing international agreements are flimsy: the Berne Union, for instance, has very little to say on the question of interest rates, the dangers of cut-throat competition are severe and there is little point in stimulating world trade by inflationary mechanisms which may impose impossible burdens of debt on importing countries.

"Any new British arrangement may have to be reviewed if O.E.C.D. export credit group comes up with positive proposals for rationalizing matters." I circulate this to all hon. members of the House and also in the press gallery.

Now Sir, we believe firmly and fervently that we must get these two contracts signed before the end of this present month. There are two that must be signed. One is the financial agreement with the banks, under which these banks, this syndicate of banks, will put up the money at five and a half percent interest. We must get that signed, and we must get it signed before the rate of interest goes up.

The other agreement we must get signed is the one with Procon for the construction of the plant. These two must be signed and there is no use signing one without the other. It is no use getting the construction contract signed - useless, waste of time, waste of paper, waste of everything to sign the contract for the construction unless we first get the contract for the finances. So the two go hand in hand, back to back, to be signed together, On the same occasion, in the same office on the same desk, the two agreements will be signed back to back, one to provide the money and the other for the construction contracts.

We want to do that, We believe with all our hearts we must do that before this month expires. We have good reason to believe that the rate will not be increased in this present month. We have good reason, excellent reason. May I say apropos that statement, Mr. Speaker, that our lawyer in this matter is Lord Goodman. Lord Goodman is now perhaps the greatest lawyer in England today. There was a one hour - (he is a very expensive man but he is England's greatest lawyer) - there was a one hour show on the B.B.C., the other night just about Lord Goodman, one hour. He is an

incredible figure, weighs about 300 pounds. He was personal lawyer for Prime Minister Harold Wilson, and while he was his personal lawyer he was also the personal lawyer for Opposition Leader Edward Heath. Now he is the lawyer for the Prime Minister, Heath, and the Leader of the Opposition, Harold Wilson. He is the personal lawyer, the personal solicitor for both of these men. For the British Government he has performed incredible tasks - legal tasks and others as well. He is one of the most fascinating figures in the whole of England today. He is our lawyer, and he has played a notable part indeed in getting the approval of E.C.G.D.

We are convinced, Mr. Speaker, that the rate - the interest rate will not go up in the present month. We are convinced of that - that is why we want to sign this deal before this month expires. Now today is what? The seventeenth, We want to sign the two contracts on the 30th. of this present month, the 30th. The contracts have to be written and they are not written, They have to be written and they will not be written until after this legislation is adopted, if it is adopted. After it gets Royal Assent and is the law of the land, then and then only will the lawyers draft the contracts. The contracts have to be vetted by this Government. Our lawyers have to vet them, we will engage other lawyers from outside to help us to vet them. The E.C.G.D. lawyers will vet them. The British Bank's lawyers will vet them, the Shaheen people's lawyers will vet them, It will be a gigantic legal vetting program, after they are drafted.

We have had some pretty interesting experience in dealing with lawyers, in these massive matters, in recent weeks and recent months. They would send you up the wall, I do not wish to be offensive to any hon. member in this House who is a lawyer, but they would send you up the wall - they would send you berserk, they would send you into a gibbering idiot needing a straight jacket. Your Honour, I exempt Your Honour - Your Honour would not do that, I know, but I do not know about other lawyers. They are really a race of men apart.

Now, if we do not sign these two agreements by the 30th. it could be the 31st. I think that is pushing it a little too close. I want to

get them signed on the 30th. of this month. And the rate goes up, here is what it will cost. Come by Chance, here is what it will cost. Let the rate go up one-half of one percent from five and one-half to six per cent for eight years, that will run to about three quarters of a million dollars a year. I have the figure here, \$700,000. This would be, in fact, the figure I have is from \$700,000 to one million, somewhere in that order. This would be over the period of the first mortgage, seven years, eight years, this would be a \$2.5 million more cost to build Come by Chance. \$2.5 million more, that is one-half of one percent interest increase.

MR. WELLS: Six million over eight years, three quarters of a million a year.

MR. SMALLWOOD: It is so much the first year, less the second year, less each year, it is a declining balance....

MR. WELLS: So it is not three-quarters of a million per year.

MR. SMALLWOOD: Not for each of the eight years, It would be that, between three-quarters of a million in the first year. It would be less than that in the second year. It would be still less in the third year, but it would run we think to about \$2.5 million for the period of the first mortgage, which is eight years.

Now, at one percent increase, if the British Government put up the rate to six and a-half percent, this would be one and a-half million to two millions extra per year, in the first year, and declining in amount in each of the succeeding seven years, but running to a total of about five million dollars for the term of the first mortgage.

So one-half of one percent increase in the interest rate will cost the refinery \$2.5 million more to build and an increase of one percent will cost \$5 million more to build. Is it worth the while of this House, and of every hon. and patriotic member in it, (and every member in it is honourable and patriotic) is it worth the while of every hon. and patriotic member of this House to save \$2.5 or even perhaps \$5 millions in the cost of this oil refinery? To do so, it is absolutely imperative that we get this legislation considered and debated and go into Committee of the Whole and

take it line by line and word for word, and get the Royal Assent to it early in the coming week.

What date will Monday be? The 20th.?. Tuesday will be the 21st., and Wednesday will be the 22nd. Thursday will be the 23rd., leaving seven days in which to write and vet these crucial, vital contracts. Now I will say right off, and I would be less than honest if I failed to say right off that these contracts do not have to be started from absolute scratch. You know, the day this legislation is given the Royal Assent, they know what will be in them, But Mr. Speaker, I have had the bitter experience of having a conference and presiding over a conference with ten or twelve lawyers representing different sides and we came to complete agreement and then the lawyers went off to draft and then it started. Then the fur began to fly. When these differing lawyers who had agreed in a conference as to what was to go into an agreement got down to the nitty gritty, the nuts and bolts of writing the words and getting these lawyers to agree on what should be the final words in this clause or that, this is what eats up the time. This is why lawyers are such successful men, and very few of them ever are so unfortunate as to go on the dole. Most lawyers manage somehow or other, especially other, to keep off the dole. Perhaps one of the most useful ways they have is in differing in their ways of expressing, in words, ideas on which they are in complete agreement. But, when they get it down in words the agreement seems to have disappeared and you start all over again, another conference, and the lawyers go back again, and again another conference, and it goes on until you are ready to be tied in a straight jacket.

How many time in the two and one half weeks I was in New York and London was I fit to be tied?

How many times did the lawyers on one side look upon the lawyers on the other side as cretins, look upon them as complete imbeciles, look upon them as criminals and imbeciles, no doubt having those feelings reciprocated by the lawyers on the other side.

MR. ROBERTS: (Inaudible)

MR. SMALLWOOD: Yes, and there was some doubt about the ancestry of some of

them.

Now, Mr. Speaker, what are the changes? The changes, though they are described in the Bill in very complicated language, lawyers language, necessarily so because it could always come to the court. Therefore lawyers have to look ahead to the possibility of this point or that point or this clause or that clause or this contention or that contention being submitted to a court and hammered out in court then going on maybe to a higher court, So they try to anticipate every possibility. Therefore, the language is complicated, it is torturous, it does not read like a novel. I have read easier things than this Bill, in my life.

Hearing this today, really what we have are fortified, perfectly simple proposals. They are easy to discuss and easy to settle in principals. Number one is that the Government of this Province shall share in the profits of that enterprise, directly. We know they will share - every man that goes to work produces revenue for the Government. No man can go to work in Newfoundland at anything, if he gets paid for it, without contributing to the treasury of the Province. I do not mean that, I mean direct sharing in the actual companies own profits - sharing in those profits, so the legislation provides that the Newfoundland Government, for all times, forever, as long as the refinery may last, throughout its entire life, shall receive five percent of the gross profits of that refinery. This means "off the top" to use by jargon commonly employed people in industry, in finance and tax circles. Five percent off the top, before they pay any tax, before there is any depreciation, right off the very top, the gross profit, five percent of that.

Now we are getting eight percent from Brinco. It was this Brinco plan which I devised twelve years ago, fifteen years ago, how long ago? It is longer than that. I devised the Brinco formula in which the Government of the Province was to share in the profits, off the top, the gross profits before taxes, of all the gross profit of Brinco. I devised that. That is my baby. But it is eight percent off the top, and it is eight percent because Brinco has no assets except what this Government gave them, none, none. We gave them the minerals in the ground or the right to exploit. We gave

them the Churchill Falls power - the whole Churchill watershed. We gave them that and we said; " all right, as we are giving you these assets belonging to the people of Newfoundland, we are giving them to you to develop and make profits from, we want a share of those profits, apart from taxes." Of course we get taxes too, of course we get employment, of course we will get revenue through the employment, of course the treasury will benefit; "but over and above all that we want eight percent off the top of your gross profits" and we got it. This is what gave me the idea to go to Shaheen and ask him for a share of the profits, off the top, and accompanied by the President of the Council, the Minister of Justice, the Minister of Health, the Minister of Supply and Services, I went to New York - the four of us went to New York in January past. I think it was the 24th. of January. we went to New York and we submitted this idea, to Mr. Shaheen, of a share in the gross profits right off the top, before anybody got anything except the bare expenses of the project.

The first charge when the expenses were met, before anyone got any taxes, before anyone got anything, it would be five percent off the top for the Newfoundland Government. Now I began those negotiations with Mr. Shaheen just about a year ago, but in January - January 24th. I had it far enough ahead to go to New York for a showdown and we had the showdown and Mr. Shaheen agreed. He said, " It is not the deal we made." I said, " I know it is not the deal you made." " Are you going to renege on the deal you made?" You know the argument, you know the businessman's jargon, you know the way a business man looks upon a contract as a sacred thing. Once it is made it is made, there is the contract, there is the law, there is what you made with us, "are you going to renege on that?" My answer had to be, no there is no reneging we want you to agree, we want this to be mutual. Let us both agree that you will pay five percent. Of course I had all I could do to keep from smiling at that because you know this mutual agreement, it was really the bludgeon. What else was it?

Then we negotiated later here in St. John's, and we brought Mr. Shaheen down here and some of his key men, and came in the Cabinet and we told them that we wanted some money out of the refinery before he would take it

over, after the debts were paid off. He had to pay off all debts, he had to pay off \$155 million worth of debts. He had to do it in fifteen years and when he had the debt paid off then he had the right to buy the whole property for \$2,000. - buy the shares of the company that owned the property. We said, when we told him that we wanted more than \$10 million - \$10 million is what we finally got by the hardest kind of hard bargaining - that hardest possible kind of hard and tough bargaining we got \$10 million for it. These are two things we have.

Now.....

MR. CROSBIE: (Inaudible)

MR. SMALLWOOD: No we are not, we are only putting up \$30 million.

MR. CROSBIE: (Inaudible)

MR. SMALLWOOD: No we are not, no, the British Government are, the British Banks, no, no, the British Banks guaranteed by the British Government are putting up the money except for \$30 million, and \$10 million. Shaheen is putting up \$10 million, we are putting up \$30 million, that is forty and the British Banks guaranteed by the British Government are putting up the rest. We are not guaranteeing any of that.

MR. MARSHALL: Who will pay it back?

MR. SMALLWOOD: The enterprise, Technically we do. The House must be well aware of the fact that the structure, the refinery, when it was passed by this House two or three years ago, was based on the idea of its being a Crown Corporation for the non-payment of corporation income tax to the Government of Canada.

MR. HICKMAN: That is still true is it not?

MR. SMALLWOOD: No, that is not true.

MR. WELLS: It is still the corporate position, but it is not the purpose any more. That purpose is abandoned.

MR. SMALLWOOD: It is not even the corporate position. The position of the Corporation is that they must pay taxes like any other corporation.

MR. WELLS: I meant the technical structure of the Corporation.

MR. SMALLWOOD: The technical structure is still a Crown Corporation.

Technically, yes.

MR. WELLS: Right!

MR. SMALLWOOD: Yes it is, oh yes, That has not changed but this Crown Corporation has ceased to be a Crown Corporation in the very field for which it was made a Crown Corporation. It was made a Crown Corporation so that it would be exempt from the payment of taxes to the Canadian Government.

MR. WELLS: But that reason for its being a Crown Corporation no longer exists.

MR. SMALLWOOD: That is gone.

MR. WELLS: It is gone, yes.

MR. SMALLWOOD: Now, Mr. Speaker, in addition to that \$10 million, that five percent off the top, and the \$10 million for the shares when all the debts are paid off, in addition to that we save something of the order of \$1 million a year for fifteen years for a total of \$15 million, on the power. The House will not find that in the legislation. In the legislation, that was passed a couple of years ago, it is provided that power shall be sold to the refinery for two and a-half mills, two and one-half-tenths of a cent or one-quarter of one cent a kilowatt hour.

Of course, at the time that was done the power would not cost much more than that if any - much or any more than that at the time that was done, But there has been a great escalation in the cost of power since then, a very great escalation indeed. For them to get power at two and one half mills now, would involve the Power Commission in a heavy loss and only the Newfoundland Government could pay that loss, under the Act as it was passed a couple of years ago.

We have argued with Mr. Shaheen that it is not right in view of the heavy escalation in the cost of power production, in view of that it is not right that we should continue to sell him power for two and one-half mills a kilowatt hour if that means we have to pay the Power Commission or we have to pay anyone roughly \$1 million a year for fifteen years - it is only for a period of fifteen years. The power price, in the legislation passed two years ago, covers a period of fifteen years. It is not for the life of the refinery

but only for a period - the first fifteen years that the refinery operates. That will run into about \$15 million for the period. We argue that it is not right that we should have to pay the Power Commission that loss, indeed, it is not right that the Power Commission should have a loss. They should be able to sell the power without loss.

Now we have accomplished that - that is happening. It is not through the legislation before the House today, it is not in that legislation. The legislation that was passed two years ago is unchanged in that regard. That will stay in the Act as it appears there now. Power will be two and one-half mills, but that loss, what matters is not the rate at which the power is sold to the refinery, what matters is, whether there is a loss and who pays the loss. At the moment, under the legislation, the Newfoundland Government pays the loss, but we have an arrangement made, about which I will tell the House, under which we do not pay it, Mr. Shaheen pays it or the project pays it we do not, the Newfoundland Government do not.

Now, these are the three gains that we have made. Number one; five percent off the top, forever, after the first mortgage is paid. It goes on for all times. It does not begin until the first mortgage is discharged - paid off. Five percent off the top. \$10 million for the shares. We get those as soon as he buys the shares. If he could buy the shares five, eight, ten - if he could buy the shares nine or ten years after he goes on stream, that is just fine for him and fine for us, obviously. That means that the \$30 million will be paid off and the first mortgage would be paid off, the full \$155 million would have been paid off. If he can pay it off in nine or ten years then he can buy the shares at that point, when he pays off the debts and he pays us \$10 million for them. Finally, as I say, the third point is that we save approximately \$1 million a year to the treasury in connection with the power.

Now, let me say this, Mr. Speaker, without this Bill, that is before the House today, the Government in any case stood to take in a substantial sum of money from this refinery. In a thirty year period we stood to take in \$88 millions, Without any changes, without any of these improvements, the total 777, was \$88 millions, That is in the first thirty years. In the second thirty years....

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MR. CROSBIE: How is it arrived at?

MR. SMALLWOOD: Well I am coming to that, in the second thirty years there
would ^{be} another \$88 million or more because, I cannot

imagine in the next sixty years this world not escalating and everything not going up. It is either going to go up or going to go down. It is unlikely to stay still. highly unlikely. That \$88 million would come to us in any case. Suppose the House adjourned today, no, if it adjourned today there would be no oil refinery. I mean if we prorogued today, suppose we did not pass this legislation, I was going on to say we would get \$88 million anyhow. Of course we would not because there would be no refinery. But suppose we did not have to have this legislation that is before us today, then the legislation that was passed two years ago would pump into our Treasury of this Province the sum of about \$88 million.

Now, the House may ask how do you come to that figure? We get it in a number of ways. For example: Half of every dollar they make they have to pay to the Canadian Government in Federal Corporation Income Tax. Little over half is it not? Two per cent of that is our tax, somewhere around there. Anyhow fifty-two cents out of every dollar they will make goes to the Canadian Government. And we get about quarter of what Ottawa gets. Ottawa pays back to us about one-quarter. That runs into a lot of money in thirty years.

Then in addition to the corporation income tax and we know of course in the Government, the Opposition do not know because we have never tabled and we have no intention of tabling the original feasibility report done by U.O.P. We have tabled that to the Canadian Government. They have had it. And we have tabled it with the British Government. They have had it. And we have tabled it with the syndicate of British banks. They have had it. And we have tabled it with Procon. They have had it. It is easier for them to have it, although not necessarily did they have to have it, not necessarily. Even though they are wholly owned by U.O.P., the people who made it, They are pretty well at arms length in the conduct of their different businesses. We have never tabled it in the House and we have no intention of doing for reasons that the House knows. All the commercial secrets of that enterprise are there in that report. But the House has received the Jacobs report on it.

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The Jacobs Engineering Company's Report, appraisal, Their assessment and their evaluation of the U.O.P. report has been tabled in this House and the House knows from Jacobs Engineering that it is a profitable and viable enterprise. This is known. The House knows this. And we know in the Government what the profits are of this enterprise. They are good, They are quite good. It is a profitable enterprise. And fifty-two cents of every dollar profit that they make goes to the Canadian Government and we get quarter of it back, handed back to us, Every three months, from the Canadian Government, a cheque is sent down to this Government. That is revenue coming into this Treasury from Come by Chance, true via Ottawa but it is from Come by Chance.

Then in addition to that tax, corporation income tax, there is a federal personal income tax collected from every employee in the refinery and every employee connected with the refinery. And we get, of that, one-quarter of the corporation income taxes, the refinery will pay, out of that we will get in our Treasury in this Province. And one-third of the personal income tax that the employees and everybody connected with it, pay Ottawa, one-third of that comes back to us. And we can estimate that within \$100,000 a year. And we have done so. That personal income tax is both federal and provincial. Now before any of that is paid to the Canadian Government, five per cent of the gross comes to us. Remember that, Before any of that tax is paid we get five per cent of the gross. Then we get the S.S.A. that comes into us every year. We get the gasoline tax. We get the generous profits that are made on beer and liquor.

Now all that we get on the agreement that was made two years ago. That comes to about \$88 million for the thirty years. But the additional amount we get, additional revenue, is made up on top of that \$88 million, is made up of five per cent off the top of the gross profits of the enterprise. A million a year saved on the power subsidy - that is only \$15 million - because it is only for fifteen years. And \$10 million to us for the sale of the shares. That comes to \$76 million. And when the two amounts are put together we do

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not lose the \$88 million because we are getting this \$76 we get both. And that is \$164 million, during the first thirty years. I heard on the CBC last night, twice, and again this morning, once, I heard the CBC announce that I had declared that the Government were going to get this \$76 million after the thirty years. We have to wait, in other words, thirty years to get that. The word "after" does not belong there. The word is not "after" the thirty years the word is "during" the thirty years. If there is anyone from the CBC, I have the temerity, the boldness to suggest to the CBC that they owe a duty, not to me but to the people of Newfoundland, to correct that. They did not deliberately set out to mislead the public they innocently and unintentionally deceived all who heard them. Will they please correct it?

It is during the first thirty years this exact \$76 million will be paid into the Treasury of this Province as a result of the Come by Chance project. Or putting the two together \$164 million or a yearly average, in the whole of the thirty years, a yearly average of over \$5 million. Five and a-half million, five million, five and a-quarter million something of that order. Now it could be more because, obviously, toward the end of the thirty years it is likely that profits will be higher, that wages will be higher that they will pay more to Ottawa in federal corporation income tax, they will pay more to Ottawa in personal income tax and as they do we will get that much more for us. The amount is almost sure to go up during the thirty years, toward the end of it rather than at the beginning of it.

Now, Sir, I want also to say this: That this amount of \$164 million during the thirty years is just for a 100,000 barrel a day refinery and nothing else. This does not count, this does not include any other revenue that the government might take in, in fact the government would take in, if the refinery were enlarged. And I will be one of the most surprised persons, if I am alive if I am still living, if in the next five, eight years that is not put up to 200,000 barrels a day, I will greatly surprised. This is the record of oil refineries. They do grow. They do get to be enlarged. And if this oil refinery goes to 200,000 barrels a day the profit they will make will grow.

The corporation tax they will pay Ottawa will grow. The number of employees will grow. The personal income tax they pay Ottawa will grow. Our revenue will grow. As the refinery grows so will our revenue, it must. But this \$164 million has to do only with the refinery as it starts off at 100,000 barrels a day. And this sum of \$164 million. in thirty years, takes no account of petro-chemical plants to be built in Come by Chance, based on the refinery or based on the core stock that would be produced in the refinery and sold to these chemical plants. Now there are active negotiations with three large petro-chemical concerns. I only wish I could tell the House their names. I only wish I could tell this House and this Province the names of these three great firms whose names are internationally known, who have agreed to come into Come by Chance and establish petro-chemical plants, using some of the outputs of the refinery as their raw material.

MR. WELLS: Already have agreed - and are coming in.

MR. SMALLWOOD: Agreed to come in, if, as, and when the refinery is built. Obviously they did not agree to come in to Come by Chance without the absolute assurance of an oil refinery there.

MR. WELLS: But it is a certainty they will come!

MR. SMALLWOOD: Certainly they will come. And one of them - I wonder if I dare say this - I wish I could - One of them has only three shareholders. And each of the three shareholders is a name that is known across the world. I wish I could give their names.

I have said a thousand times, Mr. Speaker, that I would no more be interested in asking the Government of Newfoundland to put \$30 million in that oil refinery for the four hundred or four hundred odd jobs after the construction is over, then I would fly. It is not just the oil refinery. It is the oil refinery as the basis of other things, other things which can come if there is an oil refinery. But will never come, not to the crack of doom will they come if there is no oil refinery. It is these other things.

It is the escalation in the industrial fabric, the industrial apparatus of Come by Chance that appeals so much to me and to my colleagues and my friends on this side of the House and I hope will appeal to all hon. gentlemen on the other side of the House and to all Newfoundlanders. It does not include this \$164 million. It does not include any revenue that would come into the Treasury of this Province from a paper mill in Come by Chance. Now could I say something about that just in passing Your Honour? I know I must be relevant and I will be.

I have been asked to bring another piece of legislation before this House. I have not consulted my colleagues in the Cabinet on it. I only received it yesterday. But an approach has been made in England for the financing of a paper mill in Come by Chance, The contracts for the sale of the paper all signed sealed and delivered. They have the contracts from twenty-one newspaper publishers in the United States and in England.

These publishers between them publish about 100 daily newspapers. They have the contract signed for the sale of the paper from this mill. They are now negotiating for the finance to finance the mill, but, and here is the but, if you look at the Act you will find that the date has expired. They have no rights. Their rights have been lost. They have no rights.

MR.WELLS: Expired in July. Expired July 7th.

MR.SMALLWOOD: It expired I think some days ago. Now if the House is good and considerate and if my colleagues in the Cabinet will authorize me, I will bring a Bill before the House to extend it a year or so. I believe the House would agree to do that.

MR.WELLS: No. No. It is being extended, not without good reason -

MR.SMALLWOOD: That is right, I know it has been extended. But the reason for the delay is the fact that the full concentration has been on the refinery. And my hon. friend, if he thinks a moment, will see the fairness of that statement. The concentration has been completely on the refinery. And you have to complete the financing of the refinery before you could take up the financing of the paper mill. And it is only in recent days -

MR.WELLS: The paper mill was on the go years before the refinery.

MR.SMALLWOOD: I know, I am well aware of that. Ten years, twelve, fifteen years ago I was trying to get that paper mill. But not including any revenue from a paper mill, or from an enlarged refinery or from a petro-chemical complex at Come by Chance, the revenue to go into the Treasury of this Province in the first thirty years is \$164 million.

Now, what other changes are we asking the House to make? We are asking the House to allow Mr. Shaheen or Mr. Shaheen's organization to buy into one of our three crown corporations. There are three, holding, refining and building. Three crown corporations. We are asking the House to authorize us to allow Mr. Shaheen to buy ten per cent of the shares of holding, to be sold back to us at the same price, if the deal did not go ahead. The shares are only \$200. He could manage that I guess. But he has to resell these shares ^{to us} at the same price, if the deal does not go ahead or if anything happened to it after it went ahead. On the other hand, we are asking the House to adopt an amendment here, giving the Newfoundland Government four directors instead of two on his company, on the operating company.

MR.WELLS: Why does he want those shares? Why does he want -

MR.SMALLWOOD: What he wants is this: He does not really want them. He does not need them and he does not want them. He wants them, he asked for them, but the reason he asked for them is because we are asking to have doubled the number of directors that we will put on his operating board. They are going to run it. We are not going to run it. I really do not know how to run an oil refinery. This is why we are making the deal with Shaheen, who does. He has built a number and he is running some.

MR.MURPHY: Yes, I know, but this doubling the directors you know -

MR.SMALLWOOD: Well we thought that to have only two directors on, out of twelve or fourteen or whatever it is, was somehow undignified. Maybe that is not the word - It somehow, did not look right. So we said, let us double the number of directors. He said, well I do not mind. He said, "you are coming in in a bigger way, into my company, will you let me go into your holding company

for ten per cent?" The minister of Health and the minister of Community and Social Development, both of whom are lawyers, were present at these negotiations and helped to draft all these clauses, ^{and} will be able to give much more explanation of the detail of this than I am able to do. I can only talk in the broadest generalities, which is what I am doing here today. Talking just the broad generalities of these changes, and these great improvements, as we believe, that we are asking the House to make in this whole project.

Now, Mr. Speaker, the House has decided that there shall be an oil refinery. This was decided here a couple of years ago. How long is it, when was that Act passed? Anybody remember?

MR. WELLS: May 1968.

MR. SMALLWOOD: Two years ago. Just a wee bit over two years ago the House decided that there should be an oil refinery project and laid down the terms. Now we are asking the House not to decide whether there would be a refinery - that is set, that is settled, that is decided in the Act of two years ago. This House passed that law, Made it law of this land that there shall be a refinery. Today we are asking the House to amend that project by way of improving it to the extent of \$76 million additional money into the Treasury of the Province. I have no desire and I know I have not the right, no matter how much desire I might have, to debate the original deal. That is ultra vires of the House at this time. Under the rules - we can -

MR. WELLS: Oh no, no it is not - the whole thing -

MR. SMALLWOOD: The hon. gentleman will find that it is. If he looks up the rules he will find that when an Act, when a Bill becomes an Act and becomes law and the next month or the next year or the next decade an amendment to it is brought into the House, what may be debated is the amendment not the original Bill. That is law.

MR. WELLS: The whole agreement is up for discussion not the Bill, I agree, but the whole agreement, as it is now amended, in toto is up for discussion.

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MR.SMALLWOOD: Well we will see as to how far the hon. gentleman is right about that. Now, Mr. Speaker, in conclusion I want to give Procon's time table. Procon assured us in London that if we can get this construction contract signed by the thirtieth of this month, that on August 15, fifteen days later they would be in Come by Chance calling for tenders for local works there, excavation and the like, I suppose, and that approximately fifty men would go to work in September. By the end of September a total of about 150 men would be working. The end of October approximately 200 men, would be working. The end of November approximately 300 men and the same number right through December add the winter and after April to go up by a hundred men a month, to a total of approximately 1100 men. Now that is the refinery, That is not the wharf. The wharf will take 450 men. So you will have 1500 or 1600 men working there in Come by Chance next year. That work would go on for about two years. Construction would go on for about two years, not counting work on a paper mill and not counting work on petro-chemical plants that would be built. In the meantime, while the construction of the oil refinery was proceeding, construction of petro-chemical plants would begin. not counting any of that, it would be a total of fifteen, sixteen may be seventeen hundred men for the next couple or two and a-half years.

MR.MARSHALL: Mr. Speaker, I wonder if the Premier has any letters of intent from any petro-chemical plant complex and so on.

MR.SMALLWOOD: The petro-chemical companies in question would come to the government, if at all, only as a courtesy. They are not asking the government for any financial assistance of any kind, cash or guarantee in any form. Even the land on which they will build their plants is land that already forms part of the refinery land. They have I think 1500 acres of land, which they have purposely for that purpose. So that they could go to petro-chemical companies and offer them not only the core chemical stock from the refinery but the land on which to build and operate and also could tell them that the government of Canada were building a large sixteen

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or seventeen or eighteen million dollar wharf, and that petro-chemical companies coming there would have the advantages of a wharf already built, of core stock raw material and land on which to build. So there, I am well aware, I have met them but they do not need to give me any letter of intent. Their deal would be with the refinery. They would make their business deals with the refinery not with the Newfoundland Government.

Now they might very well come to the Newfoundland Government and ask for some help. For instance in this kind of way: They might come and say: "Look as you have not got trained men living in Newfoundland who could go right to work in a petro-chemical plant, what about training them?" They are familiar with the manpower training schemes that the Government of Canada, through the Newfoundland Government and other provincial governments, have instituted. They know that and they would probably come to us and say: "Would you help us to set up classes to train men to go to work in the petro-chemical plant when we get it opened?" That is the normal thing that happens all across Canada and Canada Manpower not only give the training but pay the men while they are being trained. They do it through the Newfoundland Government. So to get that done they would have to come to the Newfoundland Government. This is about the kind of approach they would make to us. I do not think of any other

MR. SMALLWOOD: because they do not want any money from us. They do not want any financial assistance or any financial help whatsoever. They could buy Mr. Shaheen and sell him over and over. They could buy him and sell him - they could buy and sell the oil refinery over and over. They are very big, very big internationally known companies, who would come to Come-by-Chance not because they love me or the hon. the member for Number East or the new member for St. John's East, not because of any love they have for us, not because they love the Liberal Government or a Tory Government, not because they love the climate of Newfoundland, not because they love the scenery of Newfoundland, not because they love the name of John Shaheen, they would come to Come-by-Chance because ; (a) there is a magnificent seaport there, (b) There is a magnificent wharf there, (c) There is a magnificent refinery there, (d) There is lots of land there, And (e) It is a magnificent center from which to serve the world.

MR. CROSBIE: And yet all the money is put up by us.

MR. SMALLWOOD: We would not put up any money. We would not put up a dollar. Not one dollar! We would provide the harbour and that did not cost us anything. We would provide the wharf and that will cost us nothing. It will cost the Government of Canada something for a while, until they get paid back. They have to be paid back by the refinery, through a user charge over a period, I think, about twenty-five years, so much a year they have to pay and the Canadian Government is paid back. So we would be providing the harbour and the wharf and the land, but God provided the land, so the Newfoundland Government would not be providing anything except the oil refinery, and that is provided mainly by the British Government and the British Banks. We are putting \$30 million in it.

MR. CROSBIE: We are responsible for it. We have to pay it off.

MR. SMALLWOOD: Did the hon. gentleman ever look into the question of the difference between a Crown Corporation and an Agency of the Crown? Has he ever looked into that? Has the hon. gentleman from Number East?

MR. C. WELLS: I am well aware of the legal difference. There is no doubts at all about that. What I am concerned about is there is no practical difference. It is just the same as letting a direct agency default, if we let it default. That is where our liability comes in - practical benefit.

MR. SMALLWOOD: We have had a very special reason in the Government or some part of us in the Cabinet, those of us who have been negotiating and the Cabinet as a whole, a very, very special reason to look into the distinction, a very important distinction, between an Agency of the Government and a Crown Corporation. There is a very, very important difference, which is noted in England, noted in Ottawa. A definition was asked of Ottawa, not by this Government, a definition was asked of the meaning of Crown Corporation in Canada and a Crown Agency. And there is a substantial difference. However, that is quite really beside the point.

MR. CROSBIE: An agency like the Power Commission compared to a Crown Corporation, this is the difference.

MR. SMALLWOOD: The N.I.D.C. is, I believe, an agency. The Workmen's Compensation Board, I believe, is an agency. The Liquor Commission is an agency. But there are certain Crown Corporation that are not agencies. And there is a very definite distinction. I can tell the hon. gentleman this - "there would not have been a chance in" (I do not know if it is permitted - it is getting the permissive society now. It permits the use of the word "hell" I understand in Parliamentary Bodies (,if it is a proper word I say) "there would not be a chance in hell of the banks in Britain putting up a dollar for that refinery except on the guarantee of the British Government."

Now if it had been an agency of the Newfoundland Government and not a Corporation, they would be putting it up for the Newfoundland Government. But they were not asked to put it up for the Newfoundland Government or for an agency of the Newfoundland Government. They were asked to put it up for a Crown Corporation and there was not a chance in hell of their doing it without the guarantee of the British Government. People who have made this

MR. SMALLWOOD: money possible are the British Government backing the British Banks, not any Crown Corporation. And let us not kid ourselves! Let us not kid ourselves for one moment on that!

MR. C. WELLS: Why maintain them as Crown Corporations - for what reason? The tax factor is gone.

MR. ROBERTS: No it is not.

MR. C. WELLS: It is.

MR. SMALLWOOD: No there is a deferment. The hon. gentleman knows what the fact is. The Crown Corporation is taxable. It is taxable, but they have deferred collecting the tax. They have given an accelerated depreciation, which means that when they do begin....

MR. WELLS: Inaudible.

MR. SMALLWOOD: No, that is not so. It is not so.

MR. WELLS: Accelerated depreciation has been done before.

MR. SMALLWOOD: Of course it has. It took a very special order of the Minister of Finance, after in his Budget he had brought legislation forward to take away the tax immunity of this kind of Crown Corporation, after that, through a special measure, he gave accelerated depreciation for seven years, which only means that when they begin to pay taxes they pay more, because they have exhausted their acceleration.

MR. WELLS: Like any private company.

MR. SMALLWOOD: Exactly! So the corporation is fully taxable, but it was not fully taxable when we formed it. And when we made the deal and when this House passed the agreement two years ago and passed the legislation, when that was done the Crown Corporation was exempt from taxes. It lost its exemption. It is now taxable, like any other company, like Bowring Brothers, like Bowaters, like Price, like Buchans Mining, Iron Ore Company of Canada, like anyone else they are taxable, but they have accelerated depreciation for a very large period of time, namely; seven years. But they are taxable.

I move second reading, Mr. Speaker. I intended to table this - lay it on the Table of the House.

MR. C. WELLS: Mr. Speaker a great deal needs to be set straight on that. I realize there can be differences of opinion between men who may have basically the same concern. They may basically want to achieve the same ultimate end, having a great variety of opinions as to how that can best be done. This is one example, Sir, were there is a host of different opinions on this particular matter. A great many opinions have been expressed inside and outside of this House. And a great many have been stated as facts, inside and outside of this House. So that, I think, Mr. Speaker, in general terms, some of the record need to be set straight with respect to the Bill that is presently before us.

I personally was directly involved in the initial negotiations along with the hon. the member for St. John's West and the hon. the member for Burin, who was involved in it as well. He had other heavy duties too at that time, as Minister of Justice. I believe a number of other agreements and negotiations were underway that took him away from it - perhaps a little more than the member for St. John's West and myself.

But, Sir, the impression that has been created that what was the Bill, that we are now amending by this Act, is what the hon. the member for St. John's West and the hon. the member for Burin and myself proposed. I cannot speak for the hon. the member for Burin in that respect, I am sure he will speak for himself, but I can speak for the hon. the member for St. John's West and myself. To suggest for a moment that that is what we proposed is totally wrong. The Bill that we are amending, as it is at this moment, before this amendment goes through, is not what we suggested, I do not mind saying. Maybe I will be accused by somebody of breaking Cabinet secrecy or some such thing as this, but the statement has been made on numerous occasion that this is as we negotiated it. Just recently, in an news conference about this matter, when the Premier was asked, when it was stated that this Bill was now to be brought before the House and the Premier was asked why what is now proposed was not done in the beginning, as reported in the newspapers, (I was not there, I assume it to be correct)

MR. WELLS: and the other news media His response was, "I do not know. Ask the people who negotiated the original deal why they did not get that in the beginning. Ask those who did." I believe the newspaper indicated that a newsman present asked if that meant the hon. member for St John's West, the hon. member for Burin and myself, and I believe but I am not totally certain that the response was, "yes."

MR SMALLWOOD: No, that is not so.

MR WELLS: That is not so, but in any event that was what was intended. I do not think anything else was intended by it, quite obviously. I say; Mr. Speaker, that is not so. The three of us who did the work on this agreement tried to do our best. As I say, Mr. Speaker, I will not attempt to speak for the hon. member for Burin. He is in a slightly different position on it than the hon. member for St John's West and myself.

MR. HICKMAN: When you are wrong, I will correct you.

MR. WELLS: Very well.

We tried to do our best, what we thought was best. We thought we would in fact be negotiating. We did not want the power subsidy. We wanted to share in the profits. We did not want to pay out salary expenses plus a hundred percent. I do not mind saying that we did not want to do it. I will advise the Government, I will speak for myself, I advise the Government not to do it. I will let the other hon. members say what they advise the Government to do. But when, Sir, a slate of facts is being put forward as facts, that this is what we negotiated, or what I was responsible for. then I will disclose in detail exactly what I advised the Premier and the Government to do. And that is totally untrue. I felt then basically as I feel now. My opinions have not altered substantially on this matter, from May of 1968 when I resigned from the Cabinet over this matter. My opinions have not altered substantially in one way or the other. I felt then, as I feel now, that this is not a good deal for this Province - what is proposed in this Bill the net result, if this Bill is passed, what we will then be left with, is not a good deal for this Province, it is a bad deal for this Province. And we

MR. WELLS: had no more ability to negotiate. We were acting in fact as lawyers for the Government, and that is the way I felt. Because what I proposed or the hon. the member for St. John's West would propose and say, "no, we are not going to go along with that," the next day we would be advised that that had previously been agreed, so there is no point arguing it. That previously it had been agreed long before we were involved in it. We did not negotiate the thing. Sure, we sat down and worked out the words, the detailed words. And we are responsible for some portions of it being in there or being taken out of what was proposed. But this is not what we sat down and negotiated and then said to the Government, "here is what we recommend." That is not so. My recommendation was; "do not sign it."

We wanted to be able to declare dividends. If the company was as profitable as it was indicated it might be, (And I saw figures on what, I think, was the profit or the expected profit) if the company was as profitable as it was indicated it might be - and in the circumstances, where we would be taken a very substantial responsibility and a great deal of risk, we wanted a share in the profits. We did not want the clause "that no dividends would be paid." Yet that clause appears in the Act, and the Bill that is now before us does not alter that. No dividends can be paid by the Refining Company, which is a Crown Corporation. It cannot pay any dividends to its shareholders, which would be the Government of this Province. So if it makes huge profits in the meantime, they just accumulate in the company for the promoter Shaheen to buy. The price then was \$2000. The price now is \$2000. It is a fiction to say we are going to get \$10 million for the shares. If we look at this agreement that is a total fiction. That is not what is proposed in this agreement. What it says is after the option has been exercised by Shaheen, in other words after he decides to purchase the share for \$2000, after he does that then the Government will be paid five percent of the adjusted - the phrase is, "the adjusted net profit contributable to the project."

Now we all know, Mr. Speaker, what that means. It may mean \$10, it may mean \$10 million or it may mean nothing. Adjusted net profits is after

MR. WELLS: everything else is taken out including income tax.

MR. ROBERTS: But not dividends.

MR. WELLS: But not direct dividends.

AN HON. MEMBER: Inaudible.

MR. WELLS: But after Mr. Shaheen's five point one percent -

MR. ROBERTS: Right, but that is an earned sales fee and let us not confuse that.

MR. WELLS: That is what he is taking out of it. Now that is genuinely off the top. What we are talking about is not even in the middle.

MR. ROBERTS: And that five point one percent is genuinely earned - a misrepresentation, the hon. gentleman surely . . .

MR. WELLS: I have no intention of misrepresenting. All I am saying is, no matter what, whether that refinery works or does not work, operates at a profit, operates at a loss, or whatever, Shaheen makes money by it - five point one percent.

MR. ROBERTS: Five point one percent of the sales.

MR. WELLS: That is correct. That is genuinely off the top.

MR. ROBERTS: Inaudible.

MR. WELLS: Not in any such thing - he is the promoter of this thing.

MR. CROSBIE: Reimbursed all his expenses.

MR. WELLS: Right!

MR. CROSBIE: Five or ten million a year clear.

MR. ROBERTS: Oh! nonsense!

MR. WELLS: Plus all of his expenses.

MR. ROBERTS: Oh, come on, be straight on it.

MR. WELLS: I am being straight on it.

MR. ROBERTS: Well the figures we saw, the figures they showed us, unless they are entirely different, showed that refinery making, (and I do not mind saying it) about \$500 million in fifteen years.

MR. ROBERTS: The figures are incorrect.

MR. WELLS: Sure.

MR. CROSBIE: That is what it shows.

MR. WELLS: That is what the feasibility study shows.

MR. ROBERTS: I do not doubt that is what the hon. gentleman was shown. I am saying the figures

MR. WELLS: Over \$30 million a year.

MR. ROBERTS: The figures are incorrect.

MR. CROSBIE: Well give us the new one.

MR. WELLS: Give us the new one. Just do not say they are wrong. Show me they are wrong.

MR. ROBERTS: I have as much right to say they are wrong as you have to say they are right.

MR. WELLS: I am saying that is what they were -

MR. ROBERTS: Inaudible.

MR. CROSBIE: We know you are not going to reveal anything. That is obvious already. You are not going to reveal a single thing.

MR. ROBERTS: Inaudible.

MR. CROSBIE: You are going to reveal what you think you should reveal, which is about nil.

MR. SPEAKER: The hon. member has the floor. Please remember that.

MR. C. WELLS: Thank you, Mr. Speaker.

Mr. Speaker, it is a complete fiction to say that the shares are now going to be sold for \$10 million, in addition to the five percent of the gross profit attributable to the project. After the option is exercised five percent of the net profit attributable to the project, as defined in this proposed amendment, will be paid to the Government, up to a maximum of \$10 million. Now if it goes on and it can be operated for twenty-five years and be operated at an effective loss, where all the profits are siphoned through subsidiaries, chartering of ships, management fee, salaries plus a hundred percent and everything else - there is no net profit, so five percent of nothing is nothing. We might or we might not get \$10 million, or we might get \$10.00

MR. WELLS: or \$10,000 in fifteen or twenty or thirty years, not when the option is exercised, we would have had paid \$2000 the original price of the shares. But once that has been done, then we are entitled to claim as well as five percent of the gross, five percent of the net up to \$10 million. That is where the \$10 million comes in, let us be not misled about that. It might amount to something or it might amount to nothing. To be quite frank with the House, Mr. Speaker, because I have not the figures before me at the moment, the updated ones or whatever they are, I cannot say they will or they will not. Because we have not the agreement; because we do not have the second mortgage document; because we do not have the financial agreement and all of the other documents that have been signed in connection with this, I cannot say whether or not we are going to get a cent. It is beyond me to say, no absolutely, we are not going to get anything. I do not know but I suspect we can be robbed and in effect get nothing. That can happen. I cannot say with certainty that it will, but it most certainly can happen on what is before us. To be convinced that it cannot happen and there is any degree of certainty that we will get more, I had to see those documents. Because they are fundamental, They are part and parcel of the whole thing. On this, what is now before us, that cannot be seen and cannot said to be so. All I can say is that it is a possibility only and by no means certain.

This is wrong and deceitful to put myself and the hon. the member for St. John's West in the position of being responsible for this as it was. We were not, and I have explained why. We have maintained the same position ever since. I submit, Mr. Speaker, we have been proven to be right on the position that we did take in May of 1968, when we resigned over this issue. I suggest, Mr. Speaker, that it is equally wrong to say that the Government have now come, the Premier has now been able to do this, or the Minister of Health or the Minister of Community and Social Development have now been able to go forward and do great things that the member for St. John's West and I could not do - renegotiate this, get this share of profit and so on. Utter nonsense!

MR. WELLS: The truth is these conditions were imposed by the Government of Canada.

MR. ROBERTS: That is totally and absolutely incorrect.

MR. WELLS: Mr. Jamieson has been quoted in the newspapers on several occasions and so have others, as saying that this is so, and it has never been denied.

MR. ROBERTS: Table the newspapers. Table the statements. That is not a quotation from Don Jamieson, I know the "Globe and Mail" articles. Table it - "The Globe and Mail."

MR. WELLS: The Globe and Mail magazine of May 30th. 1970.

MR. ROBERTS: Read it and then table it.

MR. WELLS: Just six weeks ago.

Amongst other things that are not pertinent - what he does not say is that Jamieson only agreed to find the money if the Come-by-Chance deal were sweetened to guarantee more for Newfoundland.

MR. ROBERTS: What else has it got to say.

MR. WELLS: "The modification not yet announced calls for the Province to get an off top five percent of the refinery's pre-taxed profits, even after the formal ownership is passed over to Shaheen. The Come-by-Chance deal demonstrates, as well as any, the change of the old relationship. In the past Smallwood," (I am just quoting the article, so I am not being disrespectful to the Premier) "Smallwood was the patron and mentor, Jamieson the heir-apparent. But Jamieson chose to stay in the Federal game and is now in the driver's seat."

MR. CROSBIE: Right! That is right, that is as far as we go.

MR. ROBERTS: Come on now! Come on now!

MR. WELLS: And this is not the only paper, it has been reported in other newspapers

MR. ROBERTS: Is not this lie being spread. And I happen to know it is a lie,

MR. CROSBIE: It is not a lie.

MR. ROBERTS: unless the hon. gentleman can prove that statement, he must withdraw it.

MR. CROSBIE: Arthur Laing says that

MR. ROBERTS: All right then, this has been reported.

MR. HICKMAN: Wait now! Wait now! Let me hear the statement.

MR. ROBERTS: The hon. Mr. Jamieson has made a statement, and I will get it and table it when I come to speak on the debate in which he said, "The Government of Canada agreed to build the wharf with no conditions, no nothing except the wharf be paid for." Arthur Laing did - first of all, (if you would excuse me for a minute) Arthur Laing does not know what he was talking about.

MR. CROSBIE: You do not like Arthur Laing do you? He speaks out. The hon. Mr. Lewis.

MR SPEAKER: Order!

MR ROBERTS: Mr. Speaker, let the hon. gentleman prove his statement by tabling it or withdrawing.

MR WELLS: No! No! I am going to withdraw nothing. I made a statement that Mr. Jamieson was quoted, and it has not been denied publicly by Mr. Jamieson. I maintain that position.

MR ROBERTS: Read it. He has not read anything quoting Mr. Jamieson. He has read an article by Winsor, in the "Globe and Mail". I have read it.

Mr. Speaker, to a point of order. The hon. gentleman has made a statement which is incorrect. He must either prove it or withdraw it.

MR WELLS: That is not right. I have not made any statement that is incorrect.

MR ROBERTS: You have.

MR WELLS: I say, Mr. Speaker, and I express this honest opinion. Now the Prime Minister did not tell me and the hon. Mr. Jamieson did not tell me but I have this opinion that this was imposed by the Government of Canada. I say I will withdraw nothing.

MR. ROBERTS: The difference is I have talked to the Prime Minister and I say it was not imposed.

MR. WELLS: He can say so, when he gets up to speak.

MR. ROBERTS: I will, but I just do not want the lie to be spread any further.

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MR. SMALLWOOD: The hon. gentleman started to quote Mr. Jamieson - now quote him please. Quote Mr. Jamieson.

MR. WELLS: All right! I am quoting, Mr. Jamieson, okay?

MR. SMALLWOOD: Quote Mr. Jamieson,

MR. WELLS:

his words quoted in the newspaper, "The problem with Joe is that he can rationalize the situation so well that he ends up believing in it. I have had my reservations about many of the schemes especially the refinery if it does not also generate a petro-chemical complex but when you are in Newfoundland you have to accept the unconventional."

MR SMALLWOOD: No! No! Quote. On the Canadian Government forcing us to get the five percent. Quote Jamieson.

MR WELLS: Quote anybody. Quote anybody.

MR ROBERTS: Ah, come off it! You are being even stupider than normal. Come on. . .

MR WELLS: I put forward the true position. This is put forward as an interview with the hon. Donald Jamieson.

MR ROBERTS: Right. By Hugh Winsor.

MR WELLS: Put forward as an interview in which Mr. Winsor puts forward, in this paper, what Mr. Jamieson said to him.

MR ROBERTS: Yes, but quote it. You have not quoted anything yet. The hon. member has made a flat statement and has no evidence to back it up.

MR SPEAKER: Order!

MR WELLS: Thank you, Mr. Speaker. That is the position. In my honest opinion this was imposed by the Government of Canada as part of the deal for their going along with it. It is somewhat peculiar, Mr. Speaker, that the three things that are now proposed or put forward by the Government: the sharing of the profit, the elimination of the subsidy for hydro-electric power, which I will come to later by the way, and the explanation that we are being paid \$10. million, which I have just gone into, peculiar, peculiar coincidence. If those were primarily the three things, although not in those proportions, but those were primarily the three basic things that the hon. member for St. John's West and myself have been insisting on since 1968, peculiar coincidence, most unusual.

MR. SMALLWOOD: Who did it? Did the hon. gentleman do it or did the Canadian Government do it or did the Newfoundland Government do it?

MR. WELLS: I did not do it. I have had nothing to do with Mr. Shaheen since May of 1968.

MR. SMALLWOOD: Just a coincidence.

MR. ROBERTS: That is obvious, perfectly obvious.

MR. SMALLWOOD: Just a coincidence.

MR. WELLS: Just a pure coincidence is it not? Mr. Laing has made his position clear. It has been reported and he has been quoted in the papers here in St. John's, he has made his position clear.

MR. ROBERTS: I have read Arthur Laing's statements, so what.

MR. WELLS: We all read it, we know what he says. He had no faith in -

MR. ROBERTS: Arthur Laing also said the Government of Canada would not build a wharf. That shows how much Arthur Laing knows what is happening.

MR. HICKMAN: He just happens to be the Minister of Public Works.

MR. ROBERTS: So that is only a temporary thing too.

MR. SMALLWOOD: Yes, it just happens.

MR. ROBERTS: But Arthur Laing said they would not build the wharf, they are building the wharf.

MR. CROSBIE: You are fretting after Laing now.

MR. ROBERTS: I am not fretting after Laing.

MR. CROSBIE: You are afraid he is only going to have a temporary job as Minister.

MR. ROBERTS: Any Minister who is temporary let the hon. gentleman - the hon. gentleman found out how temporary it is.

MR. CROSBIE: How temporary what is?

MR. ROBERTS: Being a Minister.

MR. CROSBIE: Tough, he made his own choice.

MR. ROBERTS: The hon. gentleman thinks he should have life tenure on it, no way.

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Let the hon. member go on, let him go on a few days.

MR. WELLS: I would like to thank the hon. Minister for that, Mr. Speaker, he needs all the help he can get. There is no question about it, Mr. Speaker, as everythings points to that. When you put together Mr. Laing's statement that it would not be built, something had to change the mind of the Government of

MR. WELLS:

Canada. Mr. Laing is a Minister of the Government of Canada and he was speaking for the Government when he made that -

MR. ROBERTS: He was not, he was not.

MR. CROSBIE: Well, who was he speaking for?

MR. HICKMAN: I know what, he was a Minister -

MR. ROBERTS: I do not know what parliamentary rules the hon. Minister has followed but -

MR. WELLS: When a Minister of Public Works speaks about a matter of building a wharf, which is in the Public Works field, it is not entirely an unreasonable or ridiculous assumption that he is speaking for the Government of Canada.

MR. SMALLWOOD: He only builds a wharf when he is told to build it, he does not make the decision to build it.

MR. WELLS: It is not an unreasonable assumption that he is speaking for the Government of Canada. Then suddenly there is a change and suddenly Mr. Jamieson -

MR. SMALLWOOD: Did the hon. gentleman ever meet Arthur Laing?

MR. WELLS: No, I do not know Mr. Laing.

MR. ROBERTS: Does he know what a friend Arthur Laing is to Newfoundland?

MR. WELLS: I do not recall that I have met him or not but I do not know him.

MR. SMALLWOOD: Does he know what a devoted friend he is to this Province?

MR. WELLS: I have no idea.

MR. SMALLWOOD: Well, I have, I have.

MR. WELLS: Then suddenly the whole thing is changed and the Government of Canada are now going to build the wharf and Mr. Jamieson is referred or a story is printed where Mr. Jamieson is purported to have said this to the interviewers.

MR. SMALLWOOD: Is Jamieson quoted?

MR. WELLS: No, it is not in quotation marks. It is an interview and he has never denied it.

MR. SMALLWOOD: So what! I have not denied any more than one-half of one per cent of all the things I am accused of, I have not got time. Life is too short.

MR. CROSBIE: He is in the driver's seat now.

MR. WELLS: It is a mere coincidence.

MR. ROBERTS: The hon. gentleman certainly is not, Mr. Speaker.

MR. WELLS: The people of this Province can take from it what they will. Mr. Speaker, to get back to the Bill that is before the House. This is not just a simple amendment to amend a few clauses of the original agreement or to allow us to advance directly \$30. million or relieve Shaheen of the obligation to put \$30. million, which is more correct because technically, I believe, on the wording we could have advanced it on the legislation as it was before, but the agreement required and it was one of the conditions, that Mr. Shaheen would raise that \$30. million. It is not just that, it is not just a simple thing, as the Premier when he finished up speaking said, "The Legislation is on the books and all we are asking to do is improve it." Well, that is not correct. That is not the correct position, That is wrong. As of the 23rd day of May 1970, Shaheen had no more rights under that agreement and the Government could have said, "That is it, you are out", under two particular clauses of the agreement, Clause 5(a) which sets up and sets forth quite clearly the obligation: "Within two years of the date of ratification refining shall for the purpose of providing the amount of the Government loan sell and distribute." As Your Honour knows that is mandatory in the legal documents and -

MR. SMALLWOOD: Also mandatory, in the same Act is our right to stop them for good.

MR. WELLS: Yes, that is quite a fiction too. Clause 10(M): "If within two years of the date of ratification of this agreement refining has not complied with its covenant set forth in paragraph (a) of Clause 5 or if within four years of date of ratification of this agreement the plant is not substantially under construction the Government may upon notice in writing to refinery terminate the agreement." On the 24th day of May the Government had the right to terminate this and renegotiate the whole thing from the beginning, so it is not just a simple little amendment -

MR. ROBERTS: We still have the right to move it, we still have that right.

MR. WELLS: The right is being amended, it is not the same at all. It is a substantial change.

MR. ROBERTS: The right is being preserved.

MR HICKMAN: (Inaudible)

MR. WELLS: Yes, terrible was it not? Something wrong with that hon. member for Burin calling for renegotiation, terrible.

MR. CROSBIE: He was told the loan was arranged.

MR. WELLS: Yes, we were told in May of this year that the loan had been arranged. On two occasions in this House the Premier made that statement and now we find out that it was not arranged. We were aware of this requirement and that is why the questions were asked. Has that loan been arranged and the definite statement was made, I do not know what the date was, it was around the middle of May and I believe again sometime subsequent to the 23rd of May. The Premier was asked if Shaheen had lived up to his obligation and raised that money and he gave an unequivocal answer, "Yes" and that turns out to be totally wrong.

MR. SMALLWOOD: It is not wrong.

MR. WELLS: It is totally wrong.

MR. SMALLWOOD: It is totally right.

MR. WELLS: It is totally wrong. If this Legislation is true that is before us, if there is any truth in that it is totally wrong. He has not raised the money.

MR. SMALLWOOD: He raised the money, he raised it twice and we stopped him.

MR. WELLS: It makes a nice story.

MR. SMALLWOOD: It is true.

MR. WELLS: On the 23rd, 24th or 25th of May whenever the question was asked in this House, when the time limit had run out, "had the money been raised?" it was answered, "Definitely, yes, it had been raised." That was not correct at that time.

MR. SMALLWOOD: It was correct.

MR. WELLS: A queer coincidence too, Mr. Speaker, in the Bill presently before us, the date of the agreement that is attached to the Bill, the 22nd day of May, one day before it was due to run out, The agreement is deemed to be made as at the 22nd day of May.

MR. SMALLWOOD: Is that not normal and sensible?

MR. HICKMAN: What did you say about that?

MR. WELLS: The date that this agreement is attached to this Bill before us at the moment is made as at the 22nd day of May, one day before.

MR. ROBERTS: We want to be sure that what we undertake to do is in fact legally done and that is why that clause is there-

MR. WELLS: But Mr. Shaheen undertook to do what he did.

MR. ROBERTS: as of some day in January and the Bill was passed in May.

MR. WELLS: A peculiar coincidence. The Government, Mr. Speaker, once the 23rd of May came, with the criticism that has been made, with the way the situation has gone, should then have gone to the Shaheen interest and said: "Now, look let us be fair about this. Your legal rights have run out, We have terminated the agreement, We are prepared to enter into an essentially similar agreement but here are the conditions."

MR. SMALLWOOD: We did it long before the 23rd of May.

MR. WELLS: You had no right to do it before the 23rd of May.

MR. ROBERTS: I know we had no right to but we did.

MR. SMALLWOOD: Why did we not have a right?

MR. WELLS: You had no right to say to Mr. Shaheen that he had defaulted and these are now our minimum conditions.

MR. SMALLWOOD: Either before or after what ^{we} did do was negotiate a better deal and we did not wait until the 23rd of May.

MR. WELLS: Quite a coincidence, Mr. Speaker. That is what they should then have done and said, "No, we are not going to pay a power subsidy." By the way, Mr. Speaker, we are still obliged to pay the power subsidy, as that Clause has not been eliminated as has been suggested. Now the Premier did not indicate the deal but I heard from other sources, If I am wrong I hope somebody will correct me. I have heard from the Minister of Health and he does not mind me quoting what he said to me.

MR. ROBERTS: We will table the letter under which the money -

MR. WELLS: Can it be done right after we come back after lunch.

MR. ROBERTS: Yes, we will table it in the House.

MR. WELLS: Would the Minister mind me quoting what he said to me on this?

MR. ROBERTS: Of course not as long as it is accurate, and I believe the gentleman will try.

MR. WELLS: I will endeavour to . The Minister had indicated to me that the arrangement was some kind of an arrangement with a company called Can-Carib or Canadian Caribbean Oil, Can-Carib was the reference he used to me. The arrangement is that Can-Carib will supply to the Power Commission oil to an equivalent value of the differential between two and a-half mills and the economic rate of power.

MR. ROBERTS: If they do not supply enough oil -

MR. SMALLWOOD: They will do it in cash.

MR. ROBERTS: It will have to be in cash and we have to be -

MR. WELLS: The Power Commission does not need enough oil or does not take enough oil or they do not supply enough, the differential is in cash.

MR. SMALLWOOD: That is right.

MR. ROBERTS: In addition we have to be satisfied before the agreement is binding as to the financial -

MR. WELLS: But we are still legally liable and it still remains in the agreement, It has not been taken out -

MR. SMALLWOOD: They are back to back.

MR. WELLS: It has not been taken out, we are still legally liable to pay the differential.

MR. SMALLWOOD: The two are back to back.

MR. ROBERTS: That is right but we are not going to pay it.

MR. WELLS: Who or what is Can-Carib?

MR. ROBERTS: We will answer that. Can-Carib is a wholly owned Shaheen Company offshore based on the Bahamas.

MR. WELLS: Harvard Business School answered it sometime ago. According to the report that they did -

MR. ROBERTS: Who is this again?

MR. WELLS: The Harvard Business School, the report they did on this refinery proposal. It is a holding company, an investment holding company of Shaheen's that holds some real estate and has an investment portfolio -

MR. ROBERTS: Based on the Bahamas.

MR. WELLS: Borrows, does some borrowing for Shaheen Natural Resources.

MR. ROBERTS: It is an offshore company based on the Bahamas, that is all. I do not think it does very much.

MR. WELLS: It sounds very substantial to me. I am not sure that I am prepared to rely for \$1. million a year on a letter from Can-Carib. I have not seen the letter yet.

MR. ROBERTS: You will.

MR. WELLS: But on this scanty information, and I am the first to admit, Mr. Speaker, that it is scanty that I do have about this Can-Carib, it is not exactly Gulf Oil or that dreaded creature Imperial Oil or even Golden Eagle. I never heard of it until it was mentioned by the hon. Minister. Now I do not hear everything that goes on in the world but I have heard of most of the major oil companies, I have heard the name Getty and what not. I have heard of Shell Oil. How then are they going to supply oil if they are not even an oil company? Presumably they will buy from the refinery at Come By Come and supply to the Power Commission at Holyrood, presumably, I do not know, we do not have any information on this. But why do it through Can-Carib? Why cannot Shaheen Natural Resources undertake responsibility? I believe, and the Minister can confirm this, that when he told me this my immediate reaction to him was, "Will Shaheen Natural Resources guarantee the performance of Can-Carib?" His response was, "They have intervened, there is an intervention by Shaheen Natural Resources to the agreement but I do not think it includes that, I am not certainly at the moment what it includes, I do not think it includes that."

MR. ROBERTS: It is not a guarantee. It is an undertaking to cause Can-Carib to do everything they undertake to do, and that is not quite -

MR. WELLS: No, no, they do not have in this agreement.

MR. ROBERTS: No, no, I tell you there is an intervention in the letter as well and it is not the same as a guarantee, it is tantamount to one but it is not a guarantee.

MR. WELLS: In other words it undertakes to cause it to vote the shares to do this. If they go financially in trouble there is no backing.

MR. ROBERTS: That is what I say, it is not a guarantee.

MR. WELLS: It is a funny thing that Shaheen Natural Resources will not take responsibility for anything. Does that not, Mr. Speaker, leave one to the conclusion that they have very little faith in this over-all thing. Are they afraid of it for some reason or other. They will not put their name on the line for anything and they have refused consistently to do so. Does anybody wonder why we have some doubts about their sincerity, about their ability?

MR. CROSBIE: They agreed in 67.

MR. WELLS: They agreed then but they had it wiped out again. This was in our negotiating stages, one of the things that we ask to have done. We were dealing with a company with a paid up capital of \$20.00, Newfoundland Refining. We said we do not want to deal with a paper company, worthless company. We would like to have the name of Shaheen Natural Resources to show some evidence of good faith in this thing and some evidence of faith in the project. For a while it looked like they might agree to it, I think they had agreed but subsequently they were able to get out of it, As I recall, they had agreed.

MR. CROSBIE: They guaranteed the payments for two years.

MR. WELLS: That is right. They had agreed to guarantee the payments for two years but that went by the way too, ultimately. The Government, Mr. Speaker, after the 23rd of May, should have set forth a minimum deal. We realize the contribution, the prime contribution and perhaps the only one that Shaheen is making is knowledge, whether it be great or small, of the oil markets of the world. He knows where to buy, he knows where to sell and that is pretty fundamental to any business, Without it you are in pretty serious trouble. That is pretty fundamental.

MR. SMALLWOOD: You also have to know how to make the profit.

MR. WELLS: Right. You do not have to know how to make you have to know where to get the people. You could hire the people who know how to make.

MR. SMALLWOOD: Hire the people to sell and hire the people to buy it, that is what businessmen do.

MR. WELLS: That is right. That is where a man like Mr. Homer White comes in.

MR. SMALLWOOD: I do a lot of things that I do not do personally with these hands.

MR. WELLS: That is where a man like Mr. Homer White comes in.

MR. SMALLWOOD: That is where a Premier comes in too.

MR. WELLS: Get men like this, what in the operation of the refinery?

MR. SMALLWOOD: No, in all kinds of other operations. The hon. gentleman would be surprised if he knew how many things I do not do but I get done.

MR. WELLS: We should have looked at it and said, "This is Shaheen's contribution, ours is a \$30. million guaranteed loan, secured by a second mortgage, causing a Crown Corporation to borrow another \$120. odd million." That is another of our obligations and do not ever overlook it. If you have any doubts about those Crown Corporations not connected with the Government, they are separate things. Look at who signed on behalf of the Crown Corporation, on behalf of Provincial Refining. This is in the Bill before us, Mr. Speaker, "On behalf of Provincial Refining Company the Premier and the Minister of Health, on behalf of Provincial Holding Company Limited, the Premier and the Minister of Health, on behalf of Provincial Building Limited -

MR. SMALLWOOD: Well, we did not sign it -

MR. WELLS: Well their individual names are there, their names.

MR. SMALLWOOD: We did not sign it as Premier and Minister of Health, we signed it as directors of the company.

MR. WELLS: Right. A queer coincidence that they are, a queer coincidence that they happen as well, those directors happen as well to -

MR. ROBERTS: No coincidence, it would be improper to -

MR. WELLS: The common seal of Provincial Building Company Limited was applied by the Minister of Community and Social Development and the Minister of Health.

MR. ROBERTS: Of course, what is odd about that?

MR. WELLS: This Crown Corporation make no mistake about it.

MR. SMALLWOOD: It looks very suspicious.

MR. WELLS: No, no, that does not make anything look suspicious but I have some...

MR. SMALLWOOD: It maybe something crooked.

MR. WELLS: No I am not suggesting anything crooked on the part of any one of those hon. gentlemen who signed those agreements.

MR. WORNELL: If it is not some serious coincidence what is it?

MR. WELLS: Do not suggest it. If the Minister would keep quiet for a few minutes and let me I will tell him what it is. We will stand up here in the House and say, "Oh, this has nothing to do with the Crown. We are not borrowing anything, we are not guaranteeing anything, only the \$30 million of the British Government is guaranteeing the rest. We have no liability." The Premier said that just a few minutes ago and went on and elaborated on it, "We have no liability." That is true, no legal, technical, legal liability. The Act itself states that the liability of these Crown Companies is limited to its uncalled and due capital. In other words if a hundred shares have been issued, subject to call, that have not been paid for, at \$10.00 each then \$1,000. is due from the shareholder. That is all that can be claimed. If that company owes \$20. million that is all that can be claimed from the shareholder. That is the basic principle of limiting the liability of business ventures to incorporating them into a corporate body and setting forth the limitations and the liability under the terms of their articles of association or a statute law or whatever. It is a pretty basic thing.

MR. ROBERTS: That is why we put "limited" in the name of the company, is it not?

MR. WELLS: The name of the company indicates it.

MR. ROBERTS: That is why "limited" is in there.

MR. WELLS: That is the purpose of it, there is no question about it.

MR. ROBERTS: Some jurisdictions (no personal liability).

MR. WELLS: But, Mr. Speaker, they are Crown Corporations, arms of the Government of this Province, as we have heard the Premier say time and time and time again, when it was convenient to say it about Hotel Buildings Limited, "An arm of the Government, we own it, it is ours, it is us, we are doing our work."

MR. CROSBIE: It must not pay taxes.

MR. WELLS: Must not pay taxes.

MR. CROSBIE: No municipality can tax it.

MR. WELLS: Right. It is us, a Crown Corporation. Who is going to tax the Queen? Convenient! We will say it when it is convenient. It is not quite so convenient this time and that is all that I have ever said. I realize the liability is stated to be "limited" and the thing can be let go bankrupt and there

MR. WELLS:

is no guarantee for the \$120. million by the Government of this Province, I realize that but their Crown Corporation.

MR. ROBERTS: Nobody will ever lend us money again.

MR. WELLS: Who is going to let the Queen go bankrupt? What Government in its right mind, in its right mind, will allow a Crown Corporation, where the notes and the documents, borrowing the money and everything else, are signed by the Premier and the Minister of Economic Development and Ministers appointed to the Board of Directors? You want to know why and that is surely one of the fundamental reasons why the ECGD is loaning this money, It is the Government of Newfoundland that is involved. They recognize that perhaps there is no legal, technical legal liability but they say the Government of Newfoundland could never let this happen and perhaps even the Government of Canada could never allow the Government of Newfoundland to allow this to happen, the Queen in the right of Newfoundland being the beneficial owner of these shares allowing it to go bankrupt; If that is not so, why continue them as Crown Corporations, the tax benefit is gone? Accelerated depreciation is not something that was newly dug out by Mr. Benson for Provincial Refining Limited, It was not new. They have had accelerated depreciation in special areas of Canada for industry for years. Rapid write off, accelerated depreciation, there are numerous names for it, tax holiday. All it does is make you, make you pay more taxes in the end but for the first five, six or seven years you write off the depreciation of your capital assets at a rate of fifteen to twenty per-cent instead of five per-cent per year.

MR. SMALLWOOD: You do not pay more in the end.

MR. WELLS: We do not pay more in the end but just delay paying it.

MR. SMALLWOOD: You concentrate the paying, that is all.

MR. WELLS: You have nothing left to write off and still you have no credit in other years, You take your credits early.

MR. ROBERTS: What you do is you defer your tax.

MR. WELLS: Tax write off is all it is.

MR. SMALLWOOD: It is a delay, a deferral, a deferment, deferral, a postponement -

MR. WELLS: They have done that, that is not done just because this is a Crown

MR. WELLS:

Corporation, that is not why it is done. It has been done on numerous times before for industry setting up in so called depressed areas or backward areas or areas needing employment. Fast write off was a common thing. It does not need to be a Crown Corporation to achieve that, Mr. Speaker, It is a Crown Corporation and remains a Crown Corporation now that the original tax advantage is gone for one primary reason; The borrowing ability of the Crown Corporation as opposed to the borrowing ability of Shaheen, Even with the guarantee of this Government he did not raise the \$30. million within two years. Mr. Speaker, stop and think about that. What does that mean?

If what the Government has said is totally correct and I do not accept it as being totally correct for a moment, I have good reason not to accept it as being totally correct, If it is not totally correct, does it mean that no reputable dealer would advance Shaheen the \$30. million and if not, why not? Should we not be asking that question? If he could not borrow it on his own have we to go borrow it somewhere else and lend it to him? If that is so, why was it so? Should we not make inquires as to why this is so if, in fact, it is so?

MR. SMALLWOOD: Would the hon. gentleman yield a moment on that?

MR. WELLS: I will allow a question, yes.

MR. SMALLWOOD: Well, I will make a statement in the form of a question which is a parliamentary trick. Is he not aware of the fact that Mr. Groom advised the Government in very strong terms and we accepted his advice and ordered Mr. Shaheen not to raise that money, but he had it in America and we told him he could not raise it in America or Canada or the United Kingdom or Europe, the four sources of money in the world he was not allowed to touch? Is he not aware of that or was that, no that was after he left, I guess it was after the hon. gentleman left, across the floor.

MR. WELLS: The issue was coming up because it is a clause in the agreement that he was not to go into markets not approved by the Government, it is a term in the agreements.

MR. SMALLWOOD: Right, and we would not approve it and we would not approve it.

MR. CROSBIE: Was it within our rights?

MR. SMALLWOOD: We were within our rights not to approve and we did not approve. That is the whole point, we did not and we were within our rights not to.

MR. WELLS: Of course we were and our concern was the concern of the proper management of the public debt and having people going around peddling the credit of the Province.

MR. SMALLWOOD: Right.

MR. WELLS: But it can be simply overcome. That is not the answer. Look, if the Government were doing this and did do this and perhaps a year or so ago they did do this, I do not doubt it, and the time came down and we were getting close to the line then the thing to do was say, "Well, now okay we approved you going into that market and to make sure that it is okay we will just make inquiries before hand and say that you are coming and it is okay with us, you can have the money, Accept him and we will guarantee it." If that is the sensible approach, Mr. Speaker -

MR. SPEAKER: It is time now to adjourn for lunch and we recess until 3 o'clock P.M.



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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 3 pm.

MR. WELLS: Mr. Speaker, when we adjourned for the luncheson period, I was speaking, I am not quite sure about what, at the time. I forget with all these interruptions that were in process. But, Sir, I want to get back to where I was in the beginning anyway. That is to point out that as at the 24th. day of May last, the Government should have, if it had the best interests of the people of Newfoundland at heart, the Government should then have said to the Shaheen interest; we are prepared to have a refinery. We would like to have a refinery in this Province, but we will not settle for less; and name the terms and conditions. While what is contained in this Bill, which is before us at the present time, is, if you will, an improvement over what existed before, it is, nevertheless, far, far from where it should be.

At the time the Government had an opportunity to change the clause whereby the Shaheen interest - the Newfoundland Refining Company - gets 100 per cent of the salaries. Not only do they get reimbursed for the salaries of their people that are employed in the supervision of the construction and whatnot of the mill, they get reimbursed for the cost of those salaries, about another 100 per cent. For instance everybody who is presently on the payroll of the Newfoundland Refining, supervising the construction of this project - a man who say makes about \$25,000 or \$35,000 a year is paid out of the proceeds. Mr. Shaheen pays him as his employee but not only that Mr. Shaheen is repaid the \$30,000 that man gets plus another \$30,000 under the 100 per cent Clause. That should not be. There was an opportunity to have that removed or altered or improved upon. There was an opportunity to have a share in the profits on a fifty/fifty basis: as we should be.

We are more involved in it than Shaheen. I do not doubt for a moment that we could get nowhere without Shaheen or somebody like him to promote the thing and arrange for the purchases of oil and sales of oil,

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but we have far, far more at stake than Shaheen does. The minimum we should share in the profits is fifty per cent. We had an opportunity to cut out the power subsidy altogether. At the moment that has not been done. There is an arrangement through this company Can-Carib, as we heard this morning. We had an opportunity to provide, in the contract, that Shaheen could buy the shares at the expiration of the term for their book value or a reasonable portion of their book value. That was not done. It should have been done. We had an opportunity to require the Shaheen interest to share with us some of the cost of establishing a town at Come-by-Chance. That has not been considered. The cost of housing, streets, lights, water and sewer, schools, all that has to be provided. That has not been considered in the cost. There has to be - there will be some kind of a town established near the mill site. Well this is what we have been given to understand. Every now and then somebody speculates that they might work out of Clarendville or something of that nature.

PREMIER SMALLWOOD. A half a dozen places.

MR. WELLS: Fine. Then the schools have to be expanded. Homes still have to be built for the additional people that will move in there. Water and sewerage have to be put in. All of this has to be done. You are still going to run into essentially the same costs. May be it will be less, if you do not have to start a town from scratch. But you still have, essentially, similarly costs. We had an opportunity to have that included and it was not done. Could they have done this, Mr. Speaker? Could the Government have done this if they had wanted to? We did not want to build a new town. Could the Government have required Shaheen - the Shaheen interest to negotiate on this base? Yes, they could have. Legally, they could have. No question about it. Legally they

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could have. Practically? That is another question. I might as well be frank and admit it. Why could they not do it? Well there was the risk of losing the project altogether and may be that would be in betterance to the Province. I do not know. There is a good possibility that it would, on the information that I have now. But the practical difficulty was not that really, the practical difficulty was the fact that we already have advanced \$5 million and it is put into the ground.

MR. HICKMAN: Not all of it.

MR. WELLS: Well not all of it has gone into the ground.

The overhead has gone somewhere else. We have already advanced \$5 million of public monies. They were not in any position to be stern or tough or to negotiate. They had no freedom to negotiate because this was at risk. This, Mr. Speaker, the House may recall, was said before. I am sure hon. members heard this before, that we would not be able to do anything if Shaheen could not live up to his commitments. What could we do but knuckle under to what he wanted, because this \$5 million had already been advanced and spent. That was the issue on May 14th., 1968, as you may recall, Mr. Speaker. That warning was sounded then that, if we did advance this money at that time, we would then lose our protection. We would not be in a position to negotiate any protection or insist upon the protection that existed in the Act as it stands at the moment. This warning was sounded then. We were told then that there was no intention of advancing the money. It was just to show that if need be we would get tough, to show everybody else that, all the other oil companies involved, that we were deadly serious about this. Within weeks the money had been advanced.

MR. CROSBIE: And gone down the drain.

MR. WELLS: And gone down the drain and on to Mr. Shaheen and so on. We were told that there was no intention of advancing that money. No doubt about that. Yet it was done within weeks. So we cannot trust anymore the statements that are made by the Government, because we are assured one day of one thing and a week or two weeks later we find out it is not so or something else has been done. We cannot trust - I, personally, am of the

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opinion that we cannot trust this Government to protect the interests of the people of this Province. Now that may be a harsh thing to say but it is so. It is my honest opinion that, as far as this mill is concerned, I do not trust the Government with the interests of the people of this Province. I do not trust them to protect them. What do you do? What do we as members of the Legislature do, when we find ourselves in the position where we cannot trust the Government? Respecting the supervision of the project, the terms of the second mortgage, the terms of the financial agreement, the terms of all of the other documents, we have not seen these. Can we trust the Government to make sure that they protect the interests of the people? In my opinion, no, Mr. Speaker, we cannot.

We cannot, in my opinion, trust the Government to assess the feasibility. So that is why, Mr. Speaker, we feel that everything must be spelled out in the legislation itself or in the agreement that is handed to the legislature. That is why we insist upon these things now. I can assure the House, Mr. Speaker, that I certainly do not trust John Shaheen. I certainly do not trust John Shaheen to look after the interests of the people of this Province. He has demonstrated over and over and over again that his interest lies not there at all. His interest lies solely in himself.

PREMIER SMALLWOOD: This is what makes him so very radically different from other businessmen.

MR. WELLS: No, other businessmen are primarily interested in themselves. This is not unusual. But they are usually reasonable. Even the terms that ultimately went through the House in May, 1968, not to say anything of the terms that were originally put to us in the negotiating stage, the

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terms of the agreement that went through the House in 1968, in my opinion, are unconscionably in favour of Mr. Shaheen - no risk, no investment, all of the return, complete control. Even what is before us now, Mr. Speaker, even if this were passed exactly as it is presented, there is nothing in this agreement that assures us of getting a single, solitary cent out of it. Maybe we will, but there is nothing that assures us of getting it. Talk about gross profits or net profits, and that is capable of being redirected. All he has to do is sell the oil to Can-Carib. Perhaps that is what he is going to do. One might believe that because, apparently, they are going to supply the oil to the Power Commission. All he has to do is sell the oil to Can-Carib for what it cost to produce. That is all of the money that goes into the refining company. It just gets enough to meet its running expenses and its cost. That is all.

Well there is no profit. Can-Carib then sells it at a profit and the profit stays in Can-Carib - the Shaheen company down somewhere in the Caribbean - Nassau, I believe. It is no trouble. The whole works can be siphoned off that way. We are ending up with five per cent of nothing. That is nothing. How can we trust Mr. Shaheen? We have no reason to do it. He has not demonstrated to this House that he has any faith in the project. He will not take any responsibility for it, not even paying wages. His employees are quitting because they have not been paid. How can we have faith in a man like that? Yet we are talking \$ 155 million with him and relying on what is in this to protect us - five per cent of maybe nothing. If Mr. Shaheen wants it that way, that is what it could be. How reliable is such a man?

The Premier mentioned, this morning, the paper mill, and has the contract signed up with twenty-one publishers. I was talking to a publisher

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a little while ago, of a pretty substantial chain of papers, and he had been offered paper by Mr. Shaheen, so he told me, at fifty per cent of the cost. It did not matter to him he said..

PREMIER SMALLWOOD: Nonsense!

MR. WELLS: All he wanted to do was prove to the Government that he had the contracts.

PREMIER SMALLWOOD: Nonsense!

MR. WELLS: That is all he wanted.

PREMIER SMALLWOOD: Give us his name.

MR. WELLS: I will give it to the Premier privately.

PREMIER SMALLWOOD: No, publicly. Come on. Out with it. Let us have the name.

MR. WELLS: Well I will have to check with him first and with his permission..

PREMIER SMALLWOOD: We will confront Shaheen...

MR. WELLS: Fine! Okay!

PREMIER SMALLWOOD: Come on.. Give us the name.

MR. WELLS: I will have to check with him first and with his permission

I will do it. It was a private conversation. Now that is not...

PREMIER SMALLWOOD: Ah!

MR. WELLS: I will do it with his permission. The hon. member for St. Barbe South was there and he heard it. Now I do not know whether he is telling the truth or telling me lies. Whether this man is telling me truth or lies, I do not know, I admit, quite frankly. But he heard the man say it. He offered him paper from the third mill at Come-by-Chance for fifty per cent of the cost of production, because he said all he wanted to do was to be able to show the Government that he had contracts for the sale of the paper.

PREMIER SMALLWOOD: It is a damnable lie.

MR. WELLS: Well it may be. I do not know.

PREMIER SMALLWOOD: Not the hon. gentleman's damnable lie but a most foul and damnable lie.

MR. WELLS: It may well be. I do not know. But I will certainly divulge the name, with his permission.

PREMIER SMALLWOOD: I know the name of every publisher - the most reputable publishers, in the United States and England - one publisher in England taking 10,000 tons a year, with some of the greatest newspapers in this world.

MR. WELLS: That may be so. I do not know that. I have not seen the contract.

PREMIER SMALLWOOD: I have.

MR. WELLS: I have not seen who they are with, but on the basis of the information that I have and on the basis of the Shaheen refusal...

PREMIER SMALLWOOD: That is not information.

MR. WELLS: On the basis of the Shaheen refusal to give any information or to be anyway reasonable what else can I assume?

PREMIER SMALLWOOD: Come on. Come on.

MR. WELLS: He will not take any responsibility. He will not take any risks or anything else.

PREMIER SMALLWOOD: Come on. Come on.

MR. WELLS: How can you trust a man like that.

PREMIER SMALLWOOD: Shameless.

MR. WELLS: He does not even have faith in himself. He does not even pay his employees. They have to quit. A man who stood here in this House and described in great detail how they were going to bring

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that great ship into Long Harbour.

PREMIER SMALLWOOD: Does the hon. gentleman know what that man's problem is? Does he know what his problem is?

MR. WELLS: I only know..

PREMIER SMALLWOOD: I know.

MR. CROSBIE: Lack of pay.

MR. WELLS: Lack of pay.

PREMIER SMALLWOOD: I know what his problem is.

MR. WELLS: He is not the first one that I heard it from either.

I heard it from at least three more before that.

PREMIER SMALLWOOD.: Ah!

MR. WELLS: Nothing to it.

PREMIER SMALLWOOD: Come on criticize. But never mind that.

MR. WELLS: Nothing to it.

PREMIER SMALLWOOD: Scandalous stuff.

MR. WELLS: Nothing to it. How then can we in this Province, Mr. Speaker, have any faith in John Shaheen? How can we trust him to look after things for us? We cannot trust the Government. We cannot trust Shaheen. It puts us in a very difficult spot. That is why we insist on these things being included in this legislation. Perhaps, Mr. Speaker the financiers do not trust him either. That is a possibility. We do not know. In two years he could not raise the \$30 million.

PREMIER SMALLWOOD: That is not true.

MR. WELLS: He could not raise the \$30 million in two years.

PREMIER SMALLWOOD: It is not true.

MR. WELLS: It has not, to this moment, been raised.

PREMIER SMALLWOOD: It is not true.

MR. WELLS: It is true. The Premier said that he had raised it in May and that was not true.

PREMIER SMALLWOOD: It was true.

MR. WELLS: Indeed it was not.

PREMIER SMALLWOOD: It is true.

MR. WELLS: Why then is it necessary to take it out of it and to relieve him of that obligation.

PREMIER SMALLWOOD: Because we do not want him and we did not allow him.

MR. WELLS: Sure you do not want him.

PREMIER SMALLWOOD: We stopped him. We ordered him not to. We have the right to do it.

MR WELLS: It makes a nice story.

PREMIER SMALLWOOD: We did it. Look at the Act. The Act gives us the right..

MR. WELLS: I know what the Act does.

PREMIER SMALLWOOD: We stopped him. We would not allow it.

MR. WELLS: The Act prevents him from going into certain markets, if the Government do not approve it. Now that is what the Act does.

PREMIER SMALLWOOD: We did not approve. We would not allow him.

MR. WELLS: Well go somewhere else. Go to Can-Carib and get it. They are such a reliable firm. We are going to take their word for it on the basis of a letter that they are going to provide..

PREMIER SMALLWOOD: Come on.

MR. WELLS: A liability of \$1 million a year.

PREMIER SMALLWOOD: Sinking pretty low now.

MR. WELLS: Not likely.

PREMIER SMALLWOOD: Sinking pretty low.

MR. WELLS: When I see all of these things..

PREMIER SMALLWOOD: Yes.

MR. WELLS: When the Government have confidence enough in what it is doing to table these documents in the House, then I will express the opinions, based on what I see in those documents.

PREMIER SMALLWOOD: Yes.

MR. WELLS: But, until I see that, I can only go on what is before me. What is before me, I would not bet a nickel on John Shaheen. I would not invest a nickel with him. I certainly would not invest with the Government. Maybe he is such a bad risk that no lender would provide him with the money, (it is now necessary for us to borrow directly) even with the guarantee of the Government. Does not that make - you would think, Mr. Speaker, perhaps, there is something wrong with the whole thing, if he could not raise that \$30 million. Maybe, I do not know.

PREMIER SMALLWOOD: That is pretty low.

MR. WELLS: We have not seen it.

PREMIER SMALLWOOD: Pretty low.

MR. WELLS: Pretty low, is it?

PREMIER SMALLWOOD: Pretty low.

MR. WELLS: It would not be so low if we had all the information, which the Government are so sensitive about and will not release. Maybe they are ashamed of it. They have got good reason to be. Before I would agree to these changes, Mr. Speaker, proposed, I want to know why. It is ultra important that we know why before our approval is sought. How can we make an intelligent decision on whether or not to do it, if we do not have this information? Are the Premier and the Government covering up? He has already said the money was arranged, and we know that not to be so. Whether the Government stopped him or not, we know that it was not arranged. If he had not raised it, he may have made some effort at arranging it. His obligation under the contract - this is what we asked the Premier about whether or not he had raised the money. We were told a definite, yes. That is not

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so.

PREMIER SMALLWOOD: It is so.

MR. WELLS: He has not raised the money - the money has not yet been raised - not according to the conversation I had yesterday with the hon. the Minister of Health. He told me it was not yet raised. There has been some discussion recently by the Government with a few banks, one Canadian, I believe and two American banks or vice versa. A possibility of the Government borrowing the money. But Shaheen himself..

PREMIER SMALLWOOD: The hon. gentleman - I know he does not want to be deceived or to deceive. The two banks that the hon. gentleman is talking about are one of the great banks of Canada and two United States banks - three banks agreed to put up the \$30 million - two years ago, or a year and a-half ago. But the legislation prevents it.

MR. WELLS: It does not.

PREMIER SMALLWOOD: It does prevent it. It prevents it and we could not take that \$30 million. We would not allow Shaheen to raise it. Ask the former Attorney General, who knows all about it.

MR. WELLS: Look! it is not right. The legislation does not prevent it.

PREMIER SMALLWOOD: That is a year and a-half ago. Ah, go on!

MR. WELLS: The legislation gives the right to the Government and I will quote it, it is there. Clause 5 (a). It is simple. Clause 5 (a) in the old agreement. The legislation gives the Government the right to prevent Shaheen from going to certain markets. That is all it does. It does not - if the money were arranged, it does not prevent Shaheen from taking it. Now *why* does it do that.

MR. WELLS.

There is the Clause: It is simple.

PREMIER SMALLWOOD: And I was talking about the three banks.

The three banks - I was trying to put the hon. gentleman right about the three banks. That was a year and a-half ago, where three banks offered \$30 million and the Government were not able, under the legislation, to accept it. It was two year money.

MR. WELLS: Ah! now, a different story.

PREMIER SMALLWOOD: Yes, pending the improvement in the market - pending the improvement in the money market.

MR. WELLS: Sure! Sure!

PREMIER SMALLWOOD: Yes, sure.

MR. WELLS: Could not get it for the fifteen year term?

PREMIER SMALLWOOD: No, not the way the market was a year and a-half ago.

MR. WELLS: Other borrowers have gotten it.

PREMIER SMALLWOOD: No, they did not. No one got it for fifteen years.

MR. WELLS: They did so. In the first five months of this year other borrowers have gotten it.

PREMIER SMALLWOOD: I am talking about a year and a-half ago.

MR. WELLS: All right. Well he still had to May 23rd this year.

PREMIER SMALLWOOD: We stopped him.

MR. WELLS: Yes, sure - a convenient explanation.

PREMIER SMALLWOOD: Any money borrowed now..

MR. WELLS:" Why stop him? Why stop him?

PREMIER SMALLWOOD: Any money borrowed now is on the credit of this Province - is borrowed by the Province and no one else.

MR. WELLS: This is simple. All the Province had to do was, instead of stopping Shaheen is to say; "go to the money market, that they had

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it arranged and say, look, we are going to allow it this way.

PREMIER SMALLWOOD: We allow no one..

MR. WELLS: Never mind letting Shaheen do it.

PREMIER SMALLWOOD: We allow no one, including, Shaheen, but no one,
but no one to go on the market.

MR. WELLS: Eminently sensible. All I am saying is that the
Province go and say to the money lender; "look! we want to
borrow \$30 million. We do not want John Shaheen running around
all over the place peddling our credit. We will do it ourselves."

PREMIER SMALLWOOD: We have done it. We have done it.

MR. WELLS: Why did we not do it before May 23rd?

MR. SMALLWOOD: Because we had not by that date come to agreement with Shaheen on the improvements that we want and have now gotten.

MR. WELLS: Very convenient. In the House, when he was here, Mr. Speaker, Mr. Shaheen would not reveal the gross sales, the cost of electricity, the cost of oil, the market values or any of the other things that might allow hon. members to accept anything, that would allow them to assess for themselves the viability of this proposal, roughly how much profit might be available. He would not allow anything that would inform the people. All we wanted was a great debate, and how you took a 200,000 ton ship into Placentia Bay. In baby talk! Marvelous! Were there going to be bunkhouses at Come-by-Chance? Marvelous!

MR. MURPHY: Inaudible.

MR. WELLS: In the agreement Shaheen Natural Resources will not, have not to this moment, undertaken responsibility for anything, entered, by way of intervention to this agreement, to confirm the way they will vote this year to the Newfoundland Refinery, That is all, for no other purpose. No responsibility at all. Now this is not an indication of lack of faith - what else do we need? You would not back Newfoundland Refining. A paper company with \$20.00 paid up capital, the last time it was checked. You would not accept the responsibility for the interim finance; the \$5 million. There is no faith at all, how can we possibly trust - no trust in him, and no trust in the Government that leaves us in pretty bad shape, if we are concerned about this Province at all. It appears, Mr. Speaker, to me that the Government would do anything - anything possible to put this deal through. Why? I do not know. But they have given some incredible concession and taken some incredible risks with little or no returns - all to put this deal through. Why?

MR. SMALLWOOD: Little or no returns.

MR. WELLS: Because they have embarked on a new policy, called millions for Shaheen. That is where the return is.

MR. SMALLWOOD: A hundred and sixty million.

MR. WELLS: Most of that is bunkum. Most of that is bunkum.

MR. SMALLWOOD: I wish we had more bunk like this.

MR. WELLS: We got enough bunkum around now. We do not need any more

MR. SMALLWOOD: I wish we had a lot more of that kind of bunkum.

MR. WELLS: That \$76 million the Premier was talking about this morning, we may never see a cent of it. And Shaheen, on the bases of what is here - Shaheen can manipulate that company to leave it clean, dry, without a cent of profit. There is no control over to whom he sells our oil or for what price. And he has got complete control of the company, so he can sell it below profit, if he wants to!

MR. SMALLWOOD: The control consists in the fact that the sales contracts have been made. We have them. We know the prices. What the hon. gentleman is now saying is utter trash.

MR. WELLS: Oh, yes. Produce the contract.

MR. SMALLWOOD: No, we will not.

MR. WELLS: No, of course, "we will not."

MR. SMALLWOOD: Of course, we will not.

MR. WELLS: That is right.

MR. SMALLWOOD: We gave them to the Canadian Government, to the British Government, this Government, Jacob's Engineering, but not anyone else, and we are not going to .

MR. WELLS: All very nice. All very nice to say it that way.

MR. SMALLWOOD: All very true.

MR. WELLS: It has been a great pretense, Mr. Speaker, for a long time. Most aspects about it have been pretensions in one way or another. The pretense that the hon. member for St John's West and myself negotiated the agreement, were responsible for it, and that is totally false. The pretense, even a few weeks ago, right here in this House, when there was a parade of twenty-five or thirty people, the pretense that this was the best possible deal for Newfoundland, Now, all of a sudden, they are going to pay five percent of gross profits, five percent of net profits

MR. SMALLWOOD: The hon. gentleman was not present, but every other member of this House, except the hon. gentleman and the hon. the member for Labrador West, knew that we were getting this five percent, when they were in here. They knew it four days before - everyone of these hon. gentleman, except the hon. gentleman on his feet, the member for Labrador West and the new member for St. John's East, all the others knew. They all knew.

MR. CROSSBIE: We knew when we saw it in the Globe Magazine. Don Jamieson. Don's five percent.

MR. WELLS: Then everyone participated in a deception of the people of this Province by having these men here on the floor of the House, saying this was the best possible deal. They could not be better. Everything was wonderful about it. That we -

MR. SMALLWOOD: No one said that.

MR. WELLS: That we are unreasonable -

MR. SMALLWOOD: Nobody said that. Nobody said it. Not one.

MR. WELLS: That is not so. It was said here in the House.

MR. SMALLWOOD: Nobody said it.

MR. WELLS: The hon. Premier can say what he likes. He can say it after if he wants to. But I would like to say what I want to say right now.

MR. SMALLWOOD: Nobody said it right now.

MR. WELLS: That was certainly the impression that we gave the people of this Province.

MR. SMALLWOOD: It is by way of impression now, an impression eh!

MR. WELLS: It was said too. It is reasonable to give a one million dollar a year power subsidy, was said. "Look at the returns. It is the reasonable thing to do." They would not even tell us what the cost of power was going to be.

MR. SMALLWOOD: And I could go further - the hon. gentleman knew. He was not present when everybody was told. but he was told by his colleagues. The hon. gentleman knew.

MR. WELLS: I did not know when Shaheen was in this House. I did not.

MR. SMALLWOOD: The hon. gentleman's leader did not tell him?

MR. WELLS: No, he did not. He may have told me later. I knew it sometime later but not when Shaheen was in this House.

MR. SMALLWOOD: He knew it four days before.

MR. WELLS: Well, I did not. Not when Shaheen was in the House. I did not.

MR. SMALLWOOD: Get a new Leader.

MR. WELLS: I am quite happy with him - beard and all.

MR. CROSBIE: I was not going to rumors. When I saw the Globe Magazine and Don Jamieson, I knew it was correct. I knew then it was verified. I brought it to my colleagues attention.

MR. WELLS: The pretense that we have no liability only for the \$30 million is a petense. A total pretense! The pretense that it is going to be 20,000 jobs - the figure originally used that were going to come out of Come-by-Chance. Twenty thousand jobs and the Premier was the one who said it. Ultimately, Come-by-Chance - not this thing alone! Now this is everthing that is envisaged.

MR. CROSBIE: Related industries.

MR. WELLS: They are all related industries - two-for-one formula and everything.

MR. SMALLWOOD: Ten or twenty years.

MR. WELLS: Yes, 20,000 jobs. And it was said, when the hon. the member for St. John's West and myself resigned, that we were stabbing Newfoundlanders in the back by trying to destroy 20,000 jobs. This was the argument at the time. All that is the great pretense too.

MR. CROSBIE: It was 2000 jobs this morning. If we do not rush this through by Thursday 2000 jobs are gone.

MR. WELLS: Yes.

MR. CROSBIE: VOCM - for the information when he comes out.

MR. WELLS: The great pretense, Mr. Speaker, has been that, all the way through.

Perhaps the worst pretense all is that we have nothing at risk only that

MR. WELLS: \$30 million. The fact is that we got the whole works at risk. Not legally - practically. To quote the Premier, "Crown Corporation, tax the Queen. Let the Queen go bankrupt." No sensible Government could even contemplate it for a moment and we are stuck with it. Maybe not legally, but in every practical sense of the word we are. And it is a complete pretense to say otherwise. It has been pretense from beginning to end. Perhaps the next greatest pretense, after that one, is that the Premier renegotiated it, this deal, went charging in and saved the Province from what the hon. the member for St. John's West and myself had done.

MR. CROSBIE: Nearly choked Jamieson to death.

MR. WELLS: Stumped all over Arthur Laing on the way.

Some of it is an improvement. Some of what is contained in the Act, Mr. Speaker, is an improvement. Not very much of it, some of it is an improvement. None of it sure. It is an improvement to have five percent of gross profits. But that maybe nothing. On the basis of the Act -

MR. SMALLWOOD: What about the \$500 million profit?

MR. WELLS: It is simple, he sells it to Can-Carbi at cost.

MR. SMALLWOOD: The contracts for the sale of the product of the refinery are signed and the price is in them.

MR. WELLS: Okay. Let me see them personally - I will withdraw....

MR. SMALLWOOD: No I will not. No I will not. I would not trust the hon. gentleman with that information.

MR. WELLS: No he would not. That is a fine excuse.

MR. SMALLWOOD: No he wants to nationalize it.

MR. WELLS: And that may well be the answer in the long run.

MR. SMALLWOOD: So that is why I will not give him that information.

MR. WELLS: I do not want to nationalize for the sake of nationalizing. What I did say, if you ever quote me, quote me right. What I did say is to John Shaheen, I say; "you deal with this Province fairly and squarely and honestly or else, as soon as we get rid of the present Government, then we

MR. WELLS: will nationalize and we will repay you every single cent you put in it, which may be nothing." Give him every cent, total compensation. Complete compensation.

MR. SMALLWOOD: The hon. gentleman -

MR. WELLS: I will be around, the Premier need not worry about that.

MR. SMALLWOOD: The hon. gentleman will not be around. He will not be in this House.

MR. WELLS: May be I will not be in the House. May be I will not. I will be around. I will express my opinion on it too, and if he is going to do this, with the consent of the Government that we can trust, then there is no other government will succeed. And if we have not been treated fairly and squarely and honestly, then that is a sensible answer, to expropriate the thing and pay him what he put into it. Whatever it was, whether it is a cent, one dollar, \$1 million, \$10 million or a \$100 million, pay him. Do not take anything from the man without compensating - do not reduce yourself to his level. Pay him. Then, the Government should not be involved in industry - then put the thing up for sale to the highest bidder, including Shaheen. If he wants to pay the proper value for it, he can have it. Never mind bleeding this Province and sticking his hands in our pocket and taking it out and paying for his enterprise and his profits and putting all the risk on us. Now that is what I said. I am not advocating nationalization of industry. I do not think the Government should be involved, even to the extent that it is at this moment, ⁱⁿ certain industrial enterprises, I think it is wrong, it is best left to private interests. Now if private interest will not do it, may be the Government has some responsibility. Admittedly. But I do not say nationalize for the sake of nationalizing. The reason I say use that method, if we have to, Mr. Speaker, is to make sure that we are not robbed blind.

MR NEARY: Nationalize the world too, while we are at it.

MR. WELLS: Mushrooms too.

MR. CROSBIE: Well a mushroom industry.

MR. WELLS: The Government seems intent on proceeding, Mr. Speaker, no matter what. When we look at this agreement, the Act itself, the really pertinent clause is clause (6). Clause (2) is not a very substantial change because I think legally the money could have been lend directly by the Government before, except for the clauses of the agreement. It changes that, but the pertinent clause is Clause (6) of the Bill, which gives legal validity to the agreement that is attached to it and makes this, combined with the original agreement gives it the force and effect of law, just the same as if it were contained in an Act of this House, It is contained in the schedule. But it gives it the full force and the effect of law, as if it were not a private agreement between parties at all but is an enactment of this legislature. That is the force that it gives it.

Clause - the key thing to examine and the only thing that is necessary to look at, to determine the principles involved in the Bill, is the agreement. The first clause is essentially enlargement of definitions, it does not alter anything substantially, consequential amendments. Clause (2) is substantially the same, the (a) part of it is substantially the same, as the old (2a). But a problem does arise with the land, because under the original one, in the old agreement we were required to provide the land, and if it were private land we had to expropriate it and pay the compensation to the people involved and turn it all over to Shaheen for \$1.00. No matter if it costs us a million to acquire we still had to turn it over to this building company for \$1.00. Ultimately it went through the channels, through holding in the Newfoundland Refinery, ultimately. As it so happened it was predominately crown land. So a question comes up - is it crown land here, the new block that is going to be given? Is it all crown land? Or are we going to run into expropriation expenses and compensation payments of \$100,000 or a million or \$10,000 or what? That is important. It is not a substantial change in principle but the consequences are pretty significant. The fact that it even has to be changed is significant - for three years this has been

MR. WELLS: going to go any day - work was being done for some particular event. There was a great rush to build the containers, tanks, the storage tanks. A great rush to have men working out there and now they find, after three years and spending \$5 million somewhere, that the land cannot hold it, that it is not suitable - got to get rid of it and get other land.

MR. SMALLWOOD: That is not so.

MR. WELLS: Well that is what we have been told.

MR. SMALLWOOD: Just extending the thing a little. Just pushing it to avoid a terrific amount of bog, excavation that is all. Quite simple. Quite simple, just move it a few hundred feet to avoid this bog.

MR. WELLS: That was known ten years ago.

MR. HICKMAN: No, but it was known on April 6th.

MR. SMALLWOOD: Only known after the drilling was completed.

MR. WELLS: But, Mr. Speaker, there is a new clause (b) that was not in the new agreement. A fancy new one. It says in addition to this land and if I read those figures correct, I am not sure what it is, but it looks like 32,363 acres. I do not think it is that big.

MR. SMALLWOOD: No.

MR. WELLS: Maybe it is 323.63 or something like that.

MR. SMALLWOOD: More like it.

MR. WELLS: It is hard to say. There is no description contained in this.

AN HON. MEMBER: Inaudible.

MR. WELLS: Yes, but it is not a detailed description - 328.3 acres of land. In addition to giving them this -

MR. SMALLWOOD: I believe they have a total of 1500 acres.

MR. WELLS: Altogether. In addition to giving them this, at no cost to them whatever, it cost the Government to acquire it, it had to be turned over to them for \$1.00.

MR. SMALLWOOD: It cost us nothing.

MR. WELLS: Fine. What about the new land that is going to be given to them, is that all crown land, every single bit of it? Is that all crown land? That is important.

MR. SMALLWOOD: Yes.

MR. WELLS: But Clause (b) is pretty important too. This is new, this was not in the agreement before. We are now required, in addition to all that has been given them so far, to cause a grant to be issued to the building company in the form specified under the Crown Lands Act, of such additional unoccupied crown land at or near Come-by-Chance as maybe reasonably required for the construction of the facilities whatsoever.

MR. SMALLWOOD: What is wrong with that?

MR. WELLS: To be used in connection therewith, consideration for the same shall be \$1.00.

MR. SMALLWOOD: What is wrong with that?

MR. WELLS: But, and if any private lands are required, the Government has to expropriate, pay the compensation, hand it over to them for \$1.00 - and that is what is wrong with that.

MR. SMALLWOOD: But is that so?

MR. WELLS: Yes, it is so. There is enough there now to establish that refinery, fine, okay we have done, we have turned it over for \$1.00. If the Government owns it, I agree. Turn it over for \$1.00. You should not charge them for it. I do not see any merit in it at all. Give it to them for whatever it costs. If we have to expropriate private land to facilitate this industry. Okay. Do it for them, but give it to them for what it costs. Never mind turning it over for \$1.00.

MR. SMALLWOOD: I could not agree more heartily with anything.

MR. WELLS: Well then let us change it.

MR. SMALLWOOD: If it needs to be changed, let us change it.

MR. WELLS: I am happy to hear that. That is one amendment, we seem to have approval of.

MR. SMALLWOOD: That is if an amendment is needed.

MR. SPEAKER: Order! Order! Order, please. I think, if we are going to do this, it would be more appropriate to do it in committee.

MR. WELLS: I agree about that. I am speaking about the principles involved in these - not the detailed wording. The reference to amendment, Mr. Speaker,

MR. WELLS: was just incidental. I do not propose any amendments today or anything of that nature. I just wanted to discuss the principles involved in these clauses and, in order to do it, I have to go over them and refer to them.

This should be done and the Premier seems willing to have it done.

MR. SMALLWOOD: There is no amendment needed there. The hon. gentleman, if he will read it - no amendment is needed.

MR. WELLS: "If any private lands are required."

MR. SMALLWOOD: Read it more carefully now.

MR. WELLS: It is not. It is there. "If they required," we have to expropriate it and give it to them without cost."

MR. SMALLWOOD: At their expense.

MR. WELLS: No!

MR. SMALLWOOD: Yes!

MR. ROBERTS: On page 8 - at the cost of the building.

MR. WELLS: At the cost of the building - I am sorry that is on the second one.

MR. SMALLWOOD: So read it. Why not read the thing.

MR. WELLS: That part of it is correct, Mr. Speaker, the subsequent additional land that may have to be acquired from any private holders of title would be expropriated and turned over at the actual cost.

It is also noteworthy, Mr. Speaker, that it is not Shaheen's obligation to build this. Under the Act and the agreement append to it, the obligation to build is this Government's. We are to cause ^{the} building company and the building company's shall construct the plant - Shaheen takes no responsibility. All he does is get paid for any supervision he provides.

That is similar to the old, there is not much of a change in principle there. In (d) of Clause I, there is a change in principle involved in it. The contract referred to under the arrangement, the prime contractor is set, no tenders are called. And this I believe to be wrong, tenders should be called for the prime contractor. Now I realize under the ECDC program it has to be an English company. Well, fine, it is simple, call tenders in England. Simple. But, Mr. Speaker, when I recall that two years ago the overall cost of the project was \$103 million, for the same plan, and now we are

MR. WELLS: talking about an overall cost of about \$165 million worth, \$170 million.

MR. SMALLWOOD: No, \$155 million.

MR. WELLS: Overall I am talking about, that is the contract with Procon.

MR. SMALLWOOD: In working capital?

MR. WELLS: Yes in working capital, everything included.

MR. SMALLWOOD: Oh, the cost of the plant includes the working capital.

MR. WELLS: The overall cost of the project, I said, includes the working capital. And that \$103 million included the working capital too. And now it is upwards of \$165 million to \$170 million.

MR. SMALLWOOD: It is not.

MR. WELLS: It is so.

AN HON. MEMBER: Inaudible.

MR. WELLS: What kind of an arrangement is there with Procon that warrants this? Where tenders called at the best price possible? On the facts as we now have them, you would be led to believe no.

MR. SMALLWOOD: The answer is "yes," not "no."

MR. WELLS: The answer is "yes." It is always "yes" but we never get any substantiation of why it is "yes." Under this clause "d" they have changed the wording, what appears to be only slightly is a substantial change in principle. The old wording requires the prime contractor to call tenders, to invite tenders for structural work on the plant that is to be sub-contracted, from not less than two sub-contractors. Now the slight change in wording -

MR. SMALLWOOD: We now have a turnkey contract.

MR. WELLS: No, the same wording is still there, but there is a slight change in it - it is pretty significant. It calls the prime contractor to invite tenders for structural work on all permanent buildings, which means the contractor has to invite tenders only on the permanent buildings themselves, on everything else he can give it out to whoever he pleases without calling tenders.

MR. SMALLWOOD: It is a turnkey contract.

MR. WELLS: But he can still subcontract it without calling tenders.

MR. SMALLWOOD: He can get a miracle performed and get it built for nothing. He has got a turnkey contract.

MR. WELLS: I know he has. I know what a turnkey contract is and I realize that he has one. But we are protecting the interest of the people of this Province. That requirement to call tenders is still there, but it is limited to certain things.

MR. SMALLWOOD: Limited to the things that Newfoundlanders can do. The Newfoundland firms and we are determined that they should get every bit of work that is humanly possible.

MR. WELLS: In Clause (d) of this one, Mr. Speaker, a rather substantial change of principle is involved, not this alone. The primary thing is the elimination of clauses 5(a) and (b). But this is related, this relates to the \$30 million. The obligation of Shaheen to raise it as opposed - so now relieving him totally of this obligation and the Government lending it.

With this I disagree strongly. If Shaheen is unable to indicate it - maybe it indicates that he is unable to manage it. Maybe he is unable to build and supervise it. If he is unable to raise the money - apparently nobody would put it forward. We should be warned by this and we should take heed to this and consider the thing further. As well, this particular clause provides that the money - the \$30 million that is to be raised, is to be spent, amongst other things, on cost of design, engineering, architects, consultants and all other fees and cost approved by the refinery and the Government.

But now, Mr. Speaker, we are in the position where we cannot trust refining certainly. It has been demonstrated that we cannot trust the Government to protect our best interest. What do we do?

MR. SMALLWOOD: The hon. gentleman is in a desperate condition is he not?

MR. WELLS: Yes! Pretty desperate. It is just me, the people of this Province?

MR. SMALLWOOD: He trusts no one.

MR. WELLS: The people of this Province -

MR. SMALLWOOD: He cannot even trust himself.

MR. WELLS: The people of this Province are in a pretty desperate condition, because they cannot trust the Government.

MR. SMALLWOOD: The hon. gentleman does not trust himself, because nobody else does.

MR. WELLS: A pretty desperate situation, when they cannot trust the Government to protect their interests. I think that has been demonstrated.

MR. SMALLWOOD: That is pretty bad! That is pretty bad! Pretty bad! Nobody can trust the Government!

MR. WELLS: May be we should have a Clause in here to require the approval of the Legislature.

MR. SMALLWOOD: Of the Opposition?

MR. WELLS: That might be a lot better.

MR. SMALLWOOD: Yes.

MR. WELLS: It might be a lot better.

MR. SMALLWOOD: Yes. Or just the hon. gentleman, not the whole opposition.

MR. WELLS: No, I would not suggest it for a moment. I suggest somebody better capable.

MR. SMALLWOOD: The hon. gentleman must not be too modest - that is exactly what he would suggest. That is exactly what he would like.

MR. WELLS: Oh, it is marvelous how the Premier can read my mind, know everything that is in it.

MR. SMALLWOOD: Yes, he would. I can. I have had good reason to learn how.

MR. WELLS: Marvelous!

MR. SMALLWOOD: I learned how.

MR. WELLS: He is omniscient. He is omnificent too.

MR. SMALLWOOD: I learned it the hard way.

MR. WELLS: He has been telling us for years that he is all-powerful and all-knowing.

MR. SMALLWOOD: I learned it the hard way.

MR. WELLS: People know better.

MR. SMALLWOOD: And the hon. gentleman sitting next to him is learning it gradually.

MR. WELLS: Do you suppose the beard has anything to do with it?

MR. SMALLWOOD: I do not know if the beard has, but he is learning it.

MR. CROSBIE: I was afraid for my scalp ...

MR. SMALLWOOD: He is learning it.

MR. WELLS: I have no axe to grin.

MR. SMALLWOOD: No. Oh, you are right.

MR. WELLS: I can get it one way or the other.

MR. SMALLWOOD: Only a knife not an axe.

MR. WELLS: Pretty tender toes the Premier has got today.

MR. SMALLWOOD: A dagger! A dagger!

MR. WELLS: Pretty tender toes.

Clause 3, Mr. Speaker, really deals with the power subsidy. Now we were told here this morning by the Premier that we are to be relieved of this obligation, but it remains a legal obligation. And we have heard how we are to be relieved of it. I have not seen the letter or the letter of agreement or the letter of intent yet. I do not know whether it is ready to be tabled or not.

MR. SMALLWOOD: I think it is.

MR. WELLS: The Minister of Health undertook to have it by this afternoon but for some reason I guess he is unable to.

MR. WELLS: I can deal with it better when I see this. But there is no justification Mr. Speaker, for having that in the agreement at all. And the amendment instead of confirming it there just takes it out.

MR. SMALLWOOD: Does he not know why it is left in?

MR. WELLS: There is no reason to have it the profits are so great, the banks can take it without it. There is no reason for it to be there.

MR. SMALLWOOD: Will he allow me? Does he want to know?

MR. WELLS: I will allow a question.

MR. SMALLWOOD: Okay, not a question. If the hon. gentleman will allow me I will give him the bit of information. For his information. Nothing in all of these amendments but nothing but nothing affects the cash flow during the life of the first mortgage. The British banks have agreed to finance this oil refinery and the British Government have agreed to guarantee the British banks for this first mortgage, a hundred odd million dollars, for eight years. That has been done. So we are not changing one word of the legislation to affect the first eight years. We cannot touch the cash flow, upon the basis of which ECGD and the British Government have agreed to guarantee this money. That is why it is left in. But it is not going to cost the Government anything. That is cared for in another direction.

MR. WELLS: It sounds like a possible explanation but the deal has been negotiated through ECGD and unless you want to renegotiate that thing all over again you do not open it up. And this would affect the cash flow. If there is a clause and I have not seen it, we cannot judge it because we have not seen the financial agreement, if it is signed apparently we have not seen it. If there is a clause that requires the cash flow or not to be altered in any way, or operating company not take on any additional obligations, then you would be interfering with that. That is true.

MR. SMALLWOOD: He does see reason every now and then and it spoils the beautiful eloquence of his inherit -

MR. WELLS: My trouble Mr. Speaker, with, as far as the Premier is concerned, is simply this, that I do not dream things like he does. I prefer to rely on

what I see in front of me. He is a great dreamer. He has all of these things. If there is nothing in this contract which states this I do not assume it to be so. Now I do not have this information available. That is the only trouble. And if I am criticized for the kind of criticism that I am giving of this proposed Bill, the only reason for it, Mr. Speaker, is that the Government have seen fit not to give us the information, not to table the document. Why? May be they are ashamed of it. We heard this morning what can happen with Can-Carib. what they are, as far as I know, they are not an oil company at all. They are ^a real estate holding investment company. Where do they get the oil? Presumably they get it from the Come by Chance Refinery. How did they get in the picture? Why cannot Shaheen do it, Shaheen Natural Resources do it? Why cannot the refinery itself do it? How are they going to be able to give it to us, at no cost, so as to compensate the Power Commission for the differentials? How? These are all pretty interesting questions. Are they going to buy all the oil and then resell it to the ultimate buyers? Are all the profits going to be siphoned off in that way? Makes you wonder, if you have not seen the agreement.

The question of the two shares came up this morning, that is a change in principle. Under the original proposals none of the shares in any of the Crown Corporations were to be transferred to Shaheen until he exercised his option and all of the obligations of the government had been discharged. Now, under this clause (b) of clause 3, this new proposal in this Bill, Mr. Speaker, the principle is to give or to transfer now two of those shares to Shaheen, or to Shaheen's company. The Premier gave an explanation this morning that really is without merit, Perhaps it is the real reason, I do not doubt it. Perhaps it is the real reason but there is no substance to it.

MR. SMALLWOOD: Face saving. Pure face saving.

MR. WELLS: Maybe. Maybe that is it. I cannot see any reason at all. I cannot see anything that it would mean, because there remains still eighteen shares. Even the minority shareholders have some rights. But in this case

the minority shareholder will have all the right because he has eleven of the fifteen directors of the company. So he has all of the right not some right.

Clause C, there is a pretty substantial change in principle and a great watering down that might again indicate a substantial lack of faith by Mr. Shaheen in his abilities. Mr. Shaheen himself has his doubts about his abilities. The old clause C, under the terms of the old clause C the Shaheen interest, namely Newfoundland Refining, had to live up to all of its obligations. The phraseology was an option to purchase all of these outstanding shares for \$2000, was granted to Newfoundland Refining if (conditional) if refining shall have performed and observed all of the covenants terms and provisions of the Agreement on its part to be performed. So it had to strictly comply with the Agreement. Now we have relieved Mr. Shaheen from strict compliance with the Agreement by the simple insertion of a couple of words. It looks rather innocent but it is pretty significant. And the condition now is that he has the right to buy, to exercise his option, if they shall have performed and observed, in all material respects, all of the material covenants. Now no longer do they have a strict liability. It is limited to things that might be determined to be absolutely essential, material things. No longer a strict liability, as was previously in force. And that is a pretty substantial change in principle Mr. Speaker, with which I cannot agree. This thing is so loose now and gives Shaheen so much control that we should have him strictly complying with the Act and that amendment, I submit, should not be allowed to pass this House. He should have to strictly comply with the Act, as was required in the original legislation, not just material respects all material covenants. Those words, "all material respects and material covenants", should be deleted. It is a watered down version. May be he anticipates that he cannot live up to it. Does he? Is that the reason for putting it in?

Clause (d) of Clause 3, Mr. Speaker, the new proposal in the legislation before us at the moment, is to allow us four directors out of the fifteen, instead of two out of the fifteen as it was before. Now this is unquestionably

a step in the right direction. In principle it is good but it is only that good. Where it should be that good, the reverse should be true. We should have eleven and they should have four. That is the way it should be.

It is an improvement over what did exist before, but it still carries out the millions for Shaheen policy that the Government have ^{been} seen to have been embarked upon.

The principle contained in (e) is totally unacceptable. The existing legislation requires when the Government Loan is made advances thereunder - this is the \$30 million - shall, subject to the first mortgage and the second mortgage, be promptly made, as required from time to time, as progress payments for the construction and equipping of the plant. Now, it is tied to constructing and equipping of the plant. So they ^{are} made as progress payments. Once the work is done you advance the money to pay for it; normal conditions. Now the change proposed this time, Mr. Speaker, is a pretty substantial change of principle.

The Government Loan shall be advanced to the Building Company, in the manner prescribed in and pursuant to the Second Mortgage, for the construction and equipping of the Plant; Now, what is the manner prescribing the second mortgage? We do not know. We have not got it. We have not seen the second mortgage. What else is contained in the second mortgage? We do not know, we have not got it. And before I would agree to it, Mr. Speaker, or before we can be asked to agree if this is okay, we have to see what the document says. It is only reasonable, as Your Honour knows. The principle is totally unacceptable.

Clause (f) is brand new. It did not exist before, It is totally unacceptable as well. Under this clause, as it is now proposed, the three Crown Corporations, for which we have put up all the money and still will have responsibility, even though there have been management control directly by the Shaheen interest, they can do nothing, absolutely nothing with respect to any of these agreements, without consulting and getting the approval

of Newfoundland Refining, in writing first. This gives Shaheen a complete veto over those companies. It was not in the previous one. It should not now be accepted, As a matter of principle, totally unacceptable. (e) We take all the risks, responsibility, investment; he has all the control, return and everything else. And this, as a principle, is unacceptable.

Clause 4 is quite similar to what it was before or part of it, first part of it is anyway. In that, as soon as it is built, everything gets transferred - Building Company to the Refining Company, Provincial Refining Company, which is the Operating Company, out of the control. Now we have complete control over the Building Company. We have the Board of Directors. They are not Shaheen people, We have control over the Building Company. But as soon as this is all done and spent we then transfer all of these assets, out of our control, into the Operating Company, the Refining Company, and we lose control.

MR. SMALLWOOD: We are going to run it and pay off \$155 million debt.

MR. WELLS: They are going to run our money, run our plant that we put there with our money, we should have ultimate control.

MR. SMALLWOOD: We have.

MR. WELLS: We do not, no such thing.

MR. SMALLWOOD: We have ultimate control, of course we have.

MR. WELLS: Sure, by legislation.

MR. SMALLWOOD: Yes, any time we like.

MR. WELLS: Any time we like.

MR. SMALLWOOD: Sure, we are the Sovereign Legislature of this Province.

MR. WELLS: The Premier did not like that word just now.

MR. SMALLWOOD: Did not like what word?

MR. WELLS: Nationalization.

MR. SMALLWOOD: I am not talking about Nationalization.

MR. WELLS: It is in effect the same thing.

MR. SMALLWOOD: I am talking about control.

MR.WELLS: Clause (b) Mr. Speaker, is entirely new and again completely in accord with the millions for Shaheen policy. Only this time it becomes Federal millions for Shaheen, in addition to the policy now. Whatever interest in the wharf facilities at Come by Chance are turned over or ownership rights or title, whatever the nature of it, that may be turned over to the Building Company must, by the Building Company, be turned over to Shaheen. This is new. He wants all that too, now.

MR.SMALLWOOD: The Operating Company has to pay for the wharf, seventeen or eighteen millions, in twenty-five years, and having bought it and paid for it it will belong to the Refinery. Do not try to make something dirty out of it.

MR.WELLS: There is, there is a lot more than that to it. It is being built by the Government of Canada, at the request of this Province, as our obligation under the original agreement -

MR.SMALLWOOD: No obligation of ours.

MR.WELLS: We had an obligation under the original agreement as to -

MR.SMALLWOOD: It is no obligation of ours, It is no obligation of ours.

MR.WELLS: If he will be quiet for just one minute I will tell him what I am talking about. He is making an assumption that is incorrect. We had an obligation under the original agreement -

MR.SMALLWOOD: To use our best endeavour.

MR.WELLS: To get the Government -

MR.SMALLWOOD: To use our best endeavour -

MR.WELLS: To get the Government of Canada to build that wharf at Come by Chance.

MR.SMALLWOOD: We did that, We did that.

MR.WELLS: That is the obligation I was going to refer to.

MR.SMALLWOOD: We did that, but the financial obligation is on the refinery. They will pay it off. Then they will own the wharf. And who should own it?

MR.CROSBIE: And pay Shaheen off.

MR.WELLS: That money that is being spent by the Federal Government to construct the wharf at Come by Chance is charged against, Mr. Speaker, is charged against money going to this Province or being spent on this Province by the Federal Government.

MR.SMALLWOOD: No, it is not. It is not true. It is not so.

MR.WELLS: We will get less benefit from DREE as the result of it.

MR.SMALLWOOD: Not true. Not so.

MR.WELLS: It is nice to say it is not so.

MR.SMALLWOOD: Not so.

MR.ROBERTS: Well the hon. gentleman does not know what he is talking about, we do.

MR.WELLS: That is an assumption the hon. gentleman was not entitled to make either.

MR.ROBERTS: No, but the hon. gentleman said -

MR.WELLS: It is being a bit presumptive, being a bit presumptive when he says that. The fact remains, Mr. Speaker, that whatever is spent in this Province, whether it is in the field of health or welfare or any other field, and not just this Province every other Province of Canada, in the end gets toted up and Quebec says, "Look what you gave that Province and we only got so and so." The Premier knows it and the minister of Health knows it too. Maybe you will not specifically cut down a specific DREE Programme or a specific health programme but it will cut down the overall. He knows that as well as I do.

MR.SMALLWOOD: If it were a gift it could conceivably be so but it is not a gift it is a loan. Got to be paid back, every nickel of it.

MR.CROSBIE: Five per cent.

MR.WELLS: There is a new clause -

MR.SMALLWOOD: Not five per cent. One twenty-fifth of the cost of it every year, until they get back the seventeen or eighteen millions.

MR.CROSBIE: Five per cent of the gross profits - they insisted on that.

MR.ROBERTS: Who insisted on that?

MR. CROSBIE: The Federal Government.

MR. ROBERTS: The hon. gentleman is talking through his beard.

MR. WELLS: Clause (c) Mr. Speaker in the Bill before us today also involves principle, and involves one particular thing as a matter of principle, though the Agreement should now be tabled, they are not to be negotiated as they appear to be at the time the original Bill passed. They are not now to be negotiated. They are being referred to by date, "executed on or before the twelfth of September, 1969." That is the Agreement relating to Shaheen's 5.1 per cent that he gets, his 27.8 per cent that he gets and his one hundred per cent of the salaries plus one hundred per cent.

MR. ROBERTS: we will table them -

MR. WELLS: Fine, we would like to have them. When will he table them?

MR. ROBERTS: Committee stage -

MR. WELLS: Where is the Agreement he was going to table this morning? We cannot judge whether they are acceptable or not.

MR. SMALLWOOD: The hon. minister meant two words, not one.

MR. WELLS: The next clause refers to the same agreement, confirms them and gives them the force and effect of law, which they were not specifically given before but had by necessary implication, I suppose. But they are now confirmed and given specifically the force and effect of law and, if they had the force and effect of law, they must be tabled. The minister is now undertaking to table them.

to
Clause 5 get down, what is supposed to be the meat, the real principal of this proposal, what we are going to get out of it. At the moment that does not look too much.

MR. SMALLWOOD: \$163 million.

MR. WELLS: I do not believe it. It may be.

MR. SMALLWOOD: Five and a half millions a year, for thirty years.

MR. WELLS: It may be, it may be.

MR. SMALLWOOD: No may be about it.

MR. WELLS: It may be that we will get that out of it. But it may be that we

get nothing, Mr. Speaker. It may be that we will only get the personal income tax and the corporate income tax, if any, paid back to us by the Federal Government and any SSA or Gasoline Tax. Maybe we will be limited to the indirect benefit -

MR. ROBERTS: If that happens nobody gets anything out of it either.

MR. WELLS: Oh, oh, but Mr. Shaheen could.

MR. ROBERTS: He gets 5.1 per cent - of gross sales.

MR. WELLS: Of gross sales, he will get that anyway. Plus all his cost of incurring those gross sales.

MR. ROBERTS: His reasonable costs, and we got to agree what the reasonable costs are.

MR. WELLS: All that too. But it is simple. We are to get, under the terms of this agreement, five per cent of the adjusted gross profits attributable to the project. This is as defined in Clause 4 (a) subparagraph (d). That could well be nothing, as I have said before.

MR. ROBERTS: Just a gross profit. Could be, sure.

MR. WELLS: Could well be nothing. Five per cent of nothing, is nothing.

I say share, fifty-fifty is what I said. I did not say fifty per cent of gross profit.

MR. ROBERTS: We are doing better than fifty-fifty.

MR. WELLS: We will take a five per cent off the top too, like Mr. Shaheen.

And that is sure, Mr. Shaheen knows what he is doing. He gets his - sure -

MR. SMALLWOOD: We certainly hope he does.

MR. WELLS: His is genuinely off the top.

MR. SMALLWOOD: We certainly hope he does know.

MR. WELLS: When it comes to dealing with our money, he knows what he is doing.

MR. SMALLWOOD: Going to have a \$155 million oil refinery to run. -

MR. WELLS: When it comes to ^{dealing with} our money he knows what he is doing.

MR. SMALLWOOD: And one hundred and fifty-five million dollars in debt in fifteen years - we hope he knows what he is doing.

MR. WELLS: But adjusted gross profit as it is defined here, Mr. Speaker, is in effect net profit before tax. That is the net. That is the result of it.

MR. ROBERTS: And before additional depreciation.

MR. WELLS: Net profit before tax and depreciation for tax purposes. That is what it is.

MR. ROBERTS: Well, what else could it be?

MR. WELLS: And that, Mr. Speaker, Mr. Shaheen is capable of reducing to zero. Does not start to run until the first five years. It is only anything that comes after that - the first eight years.

MR. SMALLWOOD: When the first mortgage is paid off.

MR. WELLS: Which is expected to be that time.

MR. SMALLWOOD: It is an eight year mortgage.

MR. WELLS: Definite terms. So we may be getting five per cent of nothing. It is simple, siphon off the money by chartering the ships at a high rate. There is no requirement ^{here} that we approved the charter that I know of, is there? There was or there was supposed to have been, I do not know whether it is in it or not.

MR. SMALLWOOD: Would the hon. gentleman do a little in his mind -

MR. WELLS: Subsidiaries -

MR. SMALLWOOD: If in eight years they pay off a hundred and twenty five millions out of the income of the refinery. In eight years they pay off \$125 million of debt.

MR. WELLS: That is right \$15 million a year plus interest.

MR. SMALLWOOD: If they pay that off \$125 million of debt in eight years, in the succeeding eight years after that there should be a nice profit for us should there not?

MR. WELLS: That is right. It should be very nice.

MR. SMALLWOOD: It should be indeed.

MR. WELLS: Unless -

MR. SMALLWOOD: Unless he pockets it.

MR. WELLS: Unless he makes his own private arrangements with his own subsidiaries. It is possible because we do not control his savings.

MR. SMALLWOOD: This House -

MR.WELLS: There is nothing in this Act that gives us the right to control his purchases of oil and he can purchase from somebody else who have failed.

MR.SMALLWOOD: This House in three days and,with the right mood,in one day, could make a completely new Act,the sovereign House of this Province. And they will be in this Province subject to this House. Cannot get over that. That is the ultimate control.

MR.WELLS: That is where the ultimate control lies. It does not deal with us fairly and honestly - they use the power of the Legislature -

MR.SMALLWOOD: They have to deal honestly and honourably with us or take the consequences. They are pretty dire.

MR.WELLS: Now the Premier is quoting me and I am glad to hear it.

MR.SMALLWOOD: No, no I am not talking about nationalizing. I am falking about control.

MR.WELLS: Well what is the difference? To use the force of the Legislature to control the thing to get what you want/^{out of it}is not entirely unlikely -

MR.SMALLWOOD: That is why - that is why -

MR.WELLS: I simply suggested, taking it, paying in what he put in it and then selling it at public auction. That is what I said.

MR.SMALLWOOD: You get any business man to do that. They come a dime a dozen that kind of businessmen. And they know how to build \$155 million oil refineries and pay off the debt. They are the kind that will just build it.Give them what they put into it and they will go and thank you for the honour.

MR.WELLS: Well I am delighted to hear the Premier say that,to confirm what I said before;that he is prepared to use the power of this House -

MR.SMALLWOOD: They are a dime a dozen - When did I ever hesitate? When did I ever hesitate?

MR.WELLS: - to follow this agreement if necessary by force of law. That is one step in the right direction. The next thing that we are supposed to get,that is commonly referred to as \$10 million -

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MR.SMALLWOOD: Nothing new in that, that is not a new step. That has always been so. Nothing new. No victory there for the hon. gentleman. No victory. That is always the case.

MR.WELLS: He has not said it before.

MR.SMALLWOOD: I have done it before. I have done it repeatedly.

MR.WELLS: With the labour unions.

MR.SMALLWOOD: With everything that ever came before me, I did in the interest of Newfoundland and her people.

MR.WELLS: The other thing that we are supposed to get \$10 million out of and is supposed

MR. WELLS: To be the purchase price is five percent of net profit, after the Shaheen Interests exercise their option to purchase. Then we start getting five percent of the net profit up to a maximum of \$10 million. This has been cited as the purchase price in effect of the shares. But, if there is no net profit for ten years or twenty years, five percent of nothing is still nothing and what is the term of the second mortgage, has that been signed yet?

MR. SMALLWOOD: No.

MR. WELLS: What is the term of it?

MR. SMALLWOOD: Whatever we decide to make it. It has not got to be fifteen years we are changing that in this present legislation.

MR. WELLS: Right.

MR. SMALLWOOD: It was the fifteen years that gave us the trouble. We could have sold twenty year bonds, ten year bonds, but

MR. WELLS: Not now, now it does not matter, the Government can give it fifty years if it wants to or five years.

MR. SMALLWOOD: Or one.

MR. WELLS: Right

MR. SMALLWOOD: Or none

MR. WELLS: Or not even for a time uncertain,

MR. ROBERTS: Subject only to the rule of equity but could have prepayment.....

MR. WELLS: Right, that is right

MR. SMALLWOOD: This is the way it should have been done two years ago. Why it was made fifteen years God alone knows. I do not believe those who drafted it know it now. If they ever did they have forgotten it. Why was it made fifteen years?

MR. WELLS: Quite frankly I do not remember. I recall it - it was proposed by Shaheen. He wanted it that way.

MR. SMALLWOOD: I doubt that very much, and if he did, he would certainly hoist

MR. WELLS: That is right, Shaheen wanted twenty years.

MR. SMALLWOOD: That is it, he was hoist badly

MR. WELLS: Shaheen wanted twenty years

He could not get fifteen year bonds in the last two years. You could get one year, two year, five year, twenty year, twelve year but not fifteen.

MR. WELLS: But Mr. Speaker, the hon. member just reminded me that Mr. Shaheen at the time said that it could be paid off - the whole thing could be paid off in five years, but he wanted twenty set up on the books as a mortgage for security.

MR. SMALLWOOD: Well he has to pay off \$125 million in eight years

MR. WELLS: Plus thirty million

AN HON. MEMBER: The \$155 million includes the thirty eh?

MR. SMALLWOOD: \$125 million in eight years and the other \$30 million in whatever we decide to make it.

MR. WELLS: And the Government may decide to give this for fifty years.

MR. SMALLWOOD: Or we might decide to give it to them as a gift

MR. ROBERTS: He does not get to exercise his option to buy until we are cleared up.

MR. WELLS: Until the Government is cleared off

MR. SMALLWOOD: So it is in his interest

MR. WELLS: So we may not get any of that.

MR. SMALLWOOD: And it is in our interest to make it short.

AN HON. MEMBER: That is right

MR. WELLS: We may not get any of that five percent profit even if there is net profit in the first ten years.

MR. ROBERTS: And he may never get the refinery, he may never get the refinery. That is what would happen.

MR. WELLS: There is nothing sure about this seventy-six million not.....

MR. ROBERTS: There is nothing sure about life.

MR. WELLS: In any way, but it is a certainty that this is what the Government is going to get but it is not necessarily so. It is all I said, it may happen

MR. SMALLWOOD: "It ain't necessarily so."

MR. WELLS: "It ain't necessarily so." Five percent of nothing is still nothing.

MR. ROBERTS: A great song title.

MR. WELLS: But if you want a real sample of what Mr. Shaheen - how Mr. Shaheen has dealt with this and how he has treated it, and his general approach to it, look at clause five and clause six of the new 4a, subsection five and six.

If the whole company, and this is the Crown Corporation

MR. SMALLWOOD: Brace yourself now for this, brace yourself, grit your teeth, carry on.

MR. WELLS: I am reluctant to ask for order,

MR. SMALLWOOD: No, I want to hear

MR. WELLS: I do not mind a bit of interrupting back and forth that is all right but this is deliberate chattering.

MR. SMALLWOOD: We are trying to brace ourselves now for this.

MR. WELLS: If the holding company, the project operator or any subsidiary company should carry on any activities other than the operation of the project any net profits are not included, despite the fact that its funds from operating company that would do it, or could do it, if it is any other fund we do not want any part of it. But, these are funds that are derived from the use of the money borrowed by this Government and invested in this project. Did we get percent of it?

Why is Mr. Shaheen so niggardly about that? Because, that is another means of syphoning off - to split it up, that is all and say it is due - that profit is due to another activity. Just syphon it off that way so that should go.

MR. SMALLWOOD: We listened and we nod humbly and agree.

MR. ROBERTS: The hon. gentleman might want to look at 10h of the original agreement.

MR. WELLS: I know what is in 10h of the original agreement.

MR. ROBERTS: The hon. gentleman should put two and two together.

MR. EARLE: What has happened to the first auditable five millions, we have asked for this repeatedly.

MR. ROBERTS: The first auditable five millions? We have an audit of course we do.

MR. WELLS: Clause six is the same thing.

MR. ROBERTS: The hon. gentleman thinks the five millions was lost eh!

MR. EARLE: I should like to see it spent properly.

MR. ROBERTS: The hon. gentleman thinks it was not spent properly?

MR. EARLE: I should like to see it spent properly.

MR. ROBERTS: Well come on.

MR. WELLS: This is not Committee stage.

MR. SPEAKER (NOEL): Order please!

MR. WELLS: Thank you Mr. Speaker.

I should like to wind it up quickly with a few remarks.

MR. SMALLWOOD: What is it he should look up, 10h? Look up 10h.

MR. WELLS: I know what is in 10h.

AN HON. MEMBER: Keep going.

MR. WELLS: Clause six again, subclause six is this clause.

MR. SMALLWOOD: Look up 10h.

MR. WELLS: I know what is in 10h.

If with the initial investment they are able to increase beyond 100,000 barrels to 110,000 barrels per day, any additional profit by means of increase, we do not get our five percent

MR. ROBERTS: We do not want to go into the probable bit.

MR. WELLS: We do not get our five percent of that. Why not? It is our money the whole thing is still ours, we still have the obligation in respect of the plant. The \$30 million is not repaid. Why is he so niggerdly about that? Maybe it is just greed.

MR. SMALLWOOD: Would the hon. gentleman read 10h out.

MR. WELLS: 10h provides for audit by the Government.

AN HON. MEMBER: No it does not.

MR. SMALLWOOD: No, 10h

MR. WELLS: Of the agreement?

MR. SMALLWOOD: Page 29, the bottom of the page.

MR. ROBERTS: That is in the Act.

MR. WELLS: "Fixed assets in the company in excess of \$50,000. in any financial year

MR. SMALLWOOD: Now do not start being like an old granny.

MR. WELLS: Shall not, except with the prior approval be transferred." What has that got to do with it? I am not talking about that. Fixed assets in excess of \$50,000. shall not be transferred.

AN HON. MEMBER: Right.

MR. WELLS: That is not what I am talking about.

MR. NEARY: Transferred, transferred, da-da,da-da, da-dum.

MR. SMALLWOOD: The prior approval of the Government elect

MR. WELLS: And so it should be, they should not even have to transfer business out.

MR. SMALLWOOD: Not only should, but is.

MR. WELLS: But that does not alter five and six in any way. It does not affect it at all. It does not affect it at all.

MR. SMALLWOOD: Yes it does.

MR. WELLS: No, it does no such thing.

MR. SMALLWOOD: Oh but yes. it does.

MR. SPEAKER (NOEL): Order please!

MR SPEAKER (Noel)

We are now really in Committee of the Whole on this by the sound of it. I think the hon. member should continue and remember that the Committee stage is still to come.

MR. WELLS: Mr. Speaker, it is probably a little bit disjointed because the interruptions have been so serious and frequent that this makes it rather difficult but, Mr. Speaker, one cannot debate the principle of an amending Act without referring to what is contained in it. I realize that it is somewhat similar to what goes in Committee stage but I will refrain from more extensive comment on it. But let me point out 10(h) does not in any way alter what I just said about the possible effect of these two new clauses that are now being included and the principle involved in it that it is another means of siphoning off the profit before we get to get our percentage.

The other clauses after that can primarily be dealt with at Committee stage, as there is not at least great matters of principle involved but most of the agreement and this is a matter of principles that are referred to because many are referred to and many conditions are set up in this respect should be taken particularly in the second mortgage. The supposed intervention by Mr. Shaheen is in effect nothing, Mr. Speaker, it is just that he will vote the shares of Newfoundland Refining in a certain way. Undoubtly it is an improvement over what has existed on the of this Province before.

MR. SMALLWOOD: Careful, careful.

MR. WELLS: I do not deny that.

MR. SMALLWOOD: Careful, do not get carried away, careful.

MR. WELLS: No, I am not about to get carried away but it is still a far, far cry from what it should be and for the concessions that we are giving we should be getting a great deal more out of it. The whole thing is incredibly disproportionate in terms of investment, responsibility, return and ownership. We have all the investment, much of the responsibility, most of the responsibility, none of the ownership and little or possibly none of the returns, with the fantastic profits that were proposed. Maybe, as the hon. Minister says, there has been now some amendments but at one stage over a fifteen year period they were talking about \$500. million and that works out to over \$30. million a year, Mr. Speaker.

MR. WELLS:

Our profit does not come off the top, it does not even come off the middle, it is well down but Mr. Shaheen has made certain that his comes off the top. The whole thing does appear to be extremely profitable but we do not know. We are still taking the risk, it has not eliminated, this amendment does not in any way eliminate any of our risks or enable us to share in the profits. It is better than before but it is still not a good deal. It is not such a hot deal as is likely to make the people of this Province jump for joy. I quite frankly agree with the hon. the Leader of the Opposition, he was the first one that I heard say it, that if the Premier is following true to form we should be having an election on this issue and let the people decide. That is a pretty big risk. That money could be used in a great many other ways to do a great many other things that would be greatly more advantageous to this Province than what is being proposed here.

Well, if this is the case and if there is so much doubt and dissension about it, then let the people decide by means of an election on it. I think the hon. Leader of the Opposition is quite right when he says it. I am not all for this Bill or not going to favour this Bill because it does not do what it should do. The Government now has the opportunity to do and we in this Legislature have the opportunity to force it to be done because, unless we agree with this the other is at an end, Shaheen has not lived up to his obligations and the other is at an end. We now have the opportunity and I do not believe we should support this without taking the time to get a better deal for this Province. There is nothing sure about the five per-cent, nothing at all sure about it and as far as I know at the moment there is nothing sure about the relief from the million dollar power subsidy, nothing sure about that at all. So this is nothing to be totally happy about or nothing to lead us to believe that we are going to have a great new deal. I for one am not going to support it.

Thank you, Mr. Speaker.

MR. HICKMAN: Mr. Speaker, I would like to say a few words on this debate. Let me start from the beginning by saying that if those of us who sit on this side of the House appear to be somewhat dubious and somewhat doubtful as to what

MR. HICKMAN:

has transpired during the past few weeks and indeed during the past few months I suggest, Mr. Speaker, that the evidence that has come before this House and the statements that have been made on behalf of Government will give us sufficient grounds to look askance at the information that has been laid before this House today. Let me remind this hon. House, Mr. Speaker, that on March 3rd, (and this can be found by checking) in March 3rd of this year, (and this can be found by checking Hansard at page 534) the hon. the Premier with a great deal of delight and I thought pride stated and I quote, "The word is go for the great refinery at Come By Chance. All obstacles have been removed at last."

Now, Mr. Speaker, it appears to us that all obstacles have not been removed at all but rather there are some pretty serious obstacles that have to be removed between now and deadlines that we have been led to believe will have to be met or otherwise this whole proposal and project is in jeopardy. Again, Mr. Speaker, on April 6th we were sent, hon. members of this House were sent, by Newfoundland Ammonia & Refining Company Limited of the United States, a photostat of an article which appeared in the Oil and Gas Journal of April 6th which I understand is a reputable magazine in the oil industry. Again that article that was outlined by the sender of this photostat of the news item starts off by saying; "Construction of a 100,000 barrel grass route refinery," (whatever a grass route refinery is I do not know) "is assured by the late March signing of a new financing agreement guaranteed by the British Government Export Credit Department." Now on April 6th this agreement was signed, Mr. Speaker, according to the article that had been sent to us by the Shaheen interest.

Again the London Times of March 26th, 1970 carries a similar article with the headline, and again this was sent to us and attached to it was a press release that had been issued by the hon. the Premier, I presume. It started off; "With pen in hand Premier Joseph R. Smallwood of Newfoundland achieved one of the greatest victories of his career when he signed an agreement for an amount in excess of \$50. million pounds, that is \$130. million Canadian, today, between bankers Kleinwort-Benson Limited the Newfoundland Government etc. etc." This is carried in the "London Times" as a fact that these agreements had been signed.

MR. SMALLWOOD: So they were.

MR. HICKMAN: Procon Limited had signed an agreement to build a complex, a turnkey contract to build a total complex at Come By Chance, including spare parts, including sufficient of everything to allow this to go on stream within the estimated time, at a cost of \$155. million. These were signed. Now we are told that if we do not get this Legislation through this week, that if indeed not this week, if we do not meet the time table of early next week so that Procon can sign, so that the Kleinwort can sign, the financing people in Great Britain, that we are in danger of running into an increase in interest rates. But, Mr. Speaker, we have been told that this have been done long, long, long ago.

Surely any concessions that allegedly may have come from the Shaheen group, with respect to something off the top after the financing had been repaid, would not affect the agreements that were signed in April. This, as the Premier very properly pointed out during the time that the hon. member for Humber East was speaking, "Nothing can happen to affect the repayment schedule and the cash flow of the Shaheen Enterprise during the first eight years." All that Procon is concerned about, I presume, and all that it was ever concerned about is to make adequately certain that in the coffers of the Provincial Building Company Limited there are sufficient money to enable the purchaser to pay Procon the \$155. million that they are obligated to pay. There has been no change in that. Obviously that would not affect the Procon design, it would not affect the Procon contract so, I say, why is it that we now are told that Procon has to sign another contract when we have been told on or about March 26th that this had been finally concluded, final documents signed, all documentation completed? March 3rd the word was go and now we are back again.

MR. SMALLWOOD: The hon. gentleman is himself inserting the word "final."

MR. HICKMAN: No, Mr. Speaker, I am not inserting the word "final" not by any stretch of the imagination.

MR. SMALLWOOD: I never said final.

MR. HICKMAN: Mr. Speaker, may I refer the hon. the Premier to the Evening Telegram of March 28th, 1970, covering his press conference at the Laurier Club and under the heading, "Contracts firm and final" the -

MR. SMALLWOOD: Whose heading is that? Who wrote that?

MR. HICKMAN: Wait now. The contracts to build the refinery are firm and final, said the Premier.

MR. SMALLWOOD: He never said it.

MR. HICKMAN: Building and equipping a refinery for Provincial Building and Newfoundland Crown Agency is Procon Great Britian Limited, a subsidiary of the American Company, Procon Incorporated. Mr. Speaker, it then goes on to say; Mr. Smallwood said he and four of his colleagues in Cabinet signed the financing agreement on behalf of the Provincial Building Limited and the directors of the banking group signed on behalf of Kleinwort-Benson Limited, also signing were Messrs. Curtis, Roberts, Nolan and Rowe. This construction contract was signed between Provincial Building Limited and Procon Great Britian Limited. Said Mr. Smallwood; "both the financial and the construction agreements are firm and final contracts." That, Mr. Speaker, was on Friday, March 27th, 1970.

MR. SMALLWOOD: In that respect it was completely incorrect.

MR. HICKMAN: At the same time, Mr. Speaker, we were told, the people of the Province were told at this same press conference, that the Government will not have to subsidize Come By Chance refinery's electric bill. The Premier has said, in his later press conference and here again today, that he advised hon. members of this House, which is quite true, prior to the sitting that brought the Shaheen people before this House, that five per-cent will be paid to this Province as Mr. Shaheen has agreed to and also that the subsidy on the power would be eliminated.

Now, Mr. Speaker, if all that was finished, concluded, final what are we doing back here now? Where is the great victory, the great capitulation on the part of Mr. Shaheen and his associates that allegedly has taken place since this House adjourned a few weeks ago?

MR. SMALLWOOD: This is to give legislative sanction to the agreements we have made.

MR. HICKMAN: Mr. Speaker, obviously this is not to give legislative sanction to the agreements that have been made, because the agreement that we are being ask to give legislative sanction to is the agreement of May 22nd, 1970. These statements were made as of May 22nd, These statements were made in March and

MR. HICKMAN:

early April of this year. Now, Mr. Speaker, I think that we can be pardoned, on this side of the House, if we adopt the attitude that so far we have heard nothing, we have seen nothing new, we have seen nothing to indicate that this Province is in fact getting a better deal at this time and surely is getting nothing like the deal that it is entitled to, as a partner. In fact it is not a partner but it is almost a sole proprietor in this enterprise that is now being started or presumably will be started at Come By Chance.

I am not the slightest bit interested, Mr. Speaker, as to why or when or who prompted who to renegotiate this contract. One hardly knows whether one should attempt to take any credit for that type of suggestion, in any event, because I recall having made this suggestion in this hon. House before May 23rd and reminding Government that on May 23rd at the very latest it would be free to renegotiate. A couple of days later the hon. the member for Humber East talked about nationalization. This subjected the two of us to a rather long and lengthy outburst from Mr. Homer White, speaking on behalf of Newfoundland Refining, that anyone who dared suggest renegotiation or anyone who dared mention the word nationalization would only be driving investment funds from the Province of Newfoundland. So maybe it would be better if we did not try and take any credit for the renegotiating of the deal that allegedly, and I emphasize the word "allegedly", has taken place.

During the earlier debate today, when there was a suggestion that the hon. the Federal Minister of Transport, Mr. Jamieson, may have had a hand in compelling or suggesting that there had to be a better deal if there was going to be Federal Government involvement, The hon. the Minister of Health challenged the hon. the member for Humber East to quote the hon. Mr. Jamieson or anyone from the Government of Canada to confirm his allegation that the Government of Canada had a hand in the renegotiating.

MR. SMALLWOOD: He did not say anyone from the Government of Canada. He said Mr. Jamieson. The hon. member is adding those words.

MR. HICKMAN: Well, Mr. Speaker, may I refer the hon. the Minister of Health and this House to the "Daily News" of June 2nd, 1970, under an Ottawa date line and I quote: "The Federal Government agreed to build a \$16. million wharf to service

MR. HICKMAN:

the refinery at Come By Chance on condition that the controversial deal guarantee more revenue for Newfoundland." This has been confirmed by Andrew Chatwood, executive assistant to Transport Minister, Don Jamieson. However, Chatwood declined to say what the "Certain additional benefits" comprised. The conditions demanded by Ottawa apparently reflects Jamieson's lukewarmness to the \$155. million dollar complex, the money for which is almost exclusively put up by Newfoundland Government funds."

MR. ROBERTS: That was not done by Jamieson but by one of his staff.

MR. HICKMAN: Mr. Speaker, may I remind -

MR. CROSBIE: Let us be realistic.

MR. ROBERTS: Hold on a minute, the hon. and dearest member has an interjection.

MR. CROSBIE: The hon. and interrupting member, just let the member speak, be reasonable. Don Jamieson is not going to come out in public

MR. MURPHY: (Inaudible).

MR. SMALLWOOD: This is debate.

MR. ROBERTS: The hon. gentleman referred to me and quoted me, Let him quote something by Jamieson.

MR. HICKMAN: May I remind the Minister of Health -

MR. ROBERTS: He knows a great deal about being an executive assistant.

MR. HICKMAN: May I remind the hon. the Minister of Health that Mr. Chatwood is a part of the Government of Canada.

MR. ROBERTS: He is not.

MR. HICKMAN: May I remind the hon. the Minister of Health that a few months ago I tabled a question in this House, and I ask the Premier if he would furnish this House with a report on the representations made by the Pentecostals. Tabled in this House were letters signed by Andrew Chatwood and I made the suggestion that the hon. Minister of Health has now said that Mr. Chatwood was not a member of the Government. his brought the Premier screaming to his feet. He said; "Mr. Chatwood is a member of the Government."

MR. ROBERTS: He is an official.

MR. HICKMAN: Is he or is he not?

MR. ROBERTS: He is not a member of the Government.

MR. HICKMAN: He is a member for Pentecostal -

MR. SMALLWOOD: He never was.

MR. HICKMAN: But he is not a member -

MR. SMALLWOOD: Never a member and he is not one now, He is an employee.

MR. HICKMAN: The hon. Minister of Health recalls that statement.

MR. SMALLWOOD: He is an employee.

MR. ROBERTS: I recall it vividly. He is an official. I know all about being an executive assistant.

MR. SPEAKER: Order!

MR. HICKMAN: I am quite convinced, Mr. Speaker, that the hon. the Minister of Health recalls very vividly the words of the hon. the Premier, that Mr. Andrew Chatwood was a part of the Government of Canada.

MR. ROBERTS: No way, no.

MR. SMALLWOOD: I did not say it because he is not and he was not either.

MR. HICKMAN: Now I do not particularly agree with the philosophy and I expressed the opinion at that time, but at that time the hon. the Premier looked over with a great deal of scorn and said; "Obviously, the man is a part of the Government of Canada."

MR. ROBERTS: No way. Andrew Chatwood might have been acting under the direction of a member of the Government and he was in that case.

MR. HICKMAN: Oh now that is a subtle distinction.

MR. ROBERTS: It is not a subtle distinction, it happens to be a fact. In this case here the hon. gentleman still has to quote the hon. Mr. Jamieson.

MR. HICKMAN: In this case I am sure that the hon. Minister of Health is not suggesting that the executive assistant of any Minister is going to quote incorrectly the Minister's position.

MR. ROBERTS: I think so, I think so.

MR. HICKMAN: His Minister?

MR. ROBERTS: I think so, in that case.

MR. HICKMAN: Of course not, he could not. If he did he would not be there would he? He would have been gone long ago.

MR. ROBERTS: Not necessarily. The hon. gentleman normally would leave the

MR. ROBERTS:

Cabinet if he disagreed with the policy. He left the Cabinet, not disagreeing, because he normally disagreed with everything.

MR. HICKMAN: I do not disagree with everything. I agree with what the hon. Minister of Health has said now that Mr. Chatwood is not a part of the Government.

MR. ROBERTS: Of course he is not.

MR. HICKMAN: I said that three months ago, but at that time I was wrong because it did not suit the Government's purpose.

MR. ROBERTS: No, no way. He was an official of the Government that is all.

MR. SMALLWOOD: He is an employee. He is not a member of the Government.

MR. CROSBIE: Staunch five per-cent.

MR. HICKMAN: Everybody must be -

MR. ROBERTS: It is not John's five per-cent, that is for damn sure.

MR. HICKMAN: Everybody must be so wrong, all the writers, those who seem to have the responsibility of covering the Shaheen deal, their assessment must be wrong. Again in the "Evening Telegram" of June 18th, under Ottawa dateline, not some reporter who maybe caught up in problems or prejudices within the Province but under the Ottawa dateline, it starts off again June 18th, 1970: "Premier J.R. Smallwood and two of his chief lieutenants are here today to try and pry the Federal Government loose from its rigid position of insisting on renegotiation of the \$155. million Come By Chance Oil Refinery deal before Federal money will be spent on a \$16. million

MR. ROBERTS: Alright, now would the hon. gentleman be good enough, in honesty, something which he draws over himself, to read the statement made by the hon. Mr. Jamieson and quoted in the "Evening Telegram" of the next day.

MR. HICKMAN: I do not have it.

MR. ROBERTS: I think that reporter was talking through his hat.

MR. SMALLWOOD: There was not a word of truth in it.

MR. ROBERTS: Jamieson, the next day, made a point of saying that in the meeting with the Premier, my colleague, myself and the Prime Minister and the meeting with Mr. Jamieson afterwards and the other meetings we had in Ottawa, at no point was Come By Chance mentioned except at one moment when somebody said: "I

MR. ROBERTS:

assume you want to talk about Come By Chance". We said; "No, there is nothing to talk about Come By Chance, everything is okay". They said; "Yes, everything is okay with us."

MR. CROSBIE: Everything is rosy in the garden.

MR. SMALLWOOD: Right, rosy in the garden and some people find it hard to take.

MR. ROBERTS: If the hon. gentleman wants to quote one item from the "Evening Telegram" let him quote the other.

MR. HICKMAN: But I do not have the other.

MR. ROBERTS: Well, I will get the other for you.

MR. HICKMAN: I will take it as was read and quoted. I will accept what the hon. the Minister of Health has said, that on the following day the hon. Mr. Jamieson said that, whilst in Ottawa, Come By Chance was not discussed. What I would like to hear from the hon. the Minister of Health, categorically and undeniably, is that the Government of Canada accepted the feasibility study of Universal Oil Products, without question, and said that we will put in the \$16. million dollars in the wharf, and all we need is an agreement to repay it over a period of years.

MR. SMALLWOOD: Yes, right.

MR. HICKMAN: Without questions.

MR. ROBERTS: They also said; "Of course, we want evidence of the financing being arranged, so forth and so on."

MR. CROSBIE: Arthur Laing said it. It was all in the papers.

MR. ROBERTS: No it was not Arthur Laing.

MR. CROSBIE: Sure he did.

MR. ROBERTS: Arthur Laing has never seen the feasibility, Look, Arthur Laing and the hon. member for St. John's West are a pair. I need say no more.

MR. CROSBIE: I would not say who you are paired with.

MR. ROBERTS: To come back to the hon. member's point.

MR. CROSBIE: It would be unparliamentary.

MR. ROBERTS: He ask me for a question and I will answer it and the answer is "Yes, the Government of Canada looked at the UOP report, they took two, three or four days to go through it and they were not officials of the Department of

MR. ROBERTS:

Public Works, they were officials of the Department of Regional and Economic Expansion." The report was gone through most thoroughly by them. They were impressed by it, they have agreed to build the wharf. The only thing that is needed, quite naturally and quite reasonably and properly, is evidence that the financing is arranged, that the contracts are let and all that sort of thing.

MR. SMALLWOOD: Nothing else.

MR. HICKMAN: That the project is viable.

MR. ROBERTS: They have accepted it as being viable. That is the whole point of the UOP, it is viable.

MR. SMALLWOOD: They would not have agreed to the wharf if it had not been viable.

MR. HICKMAN: Well, Mr. Speaker, it had been indicated -

MR. SMALLWOOD: That is shot down.

MR. HICKMAN: That is really shot down. You know when you read the tender calls in the paper for the construction of the wharf, that will shoot you down.

MR. ROBERTS: I agree.

MR. HICKMAN: Well, let us wait until we see it, let us wait until we hear the Government of Canada come out, let us wait until we hear the hon. Mr. Jamieson or whoever is the appropriate Minister come out and say; 'The Government of Canada is satisfied as to the viability, the feasibility of this and we are prepared to put our money in that wharf.' Let us wait until we hear that.

MR. ROBERTS: They have already said they are going to build the wharf.

MR. HICKMAN: If and when -

MR. ROBERTS: The tender calls will be in the newspapers, I would assume, shortly after this Legislation becomes law and the necessary agreements are completed and signed.

MR. SMALLWOOD: That is all he is waiting on. I had a letter yesterday from the Minister of Finance, Mr. Benson, asking us if we had yet arranged the financing, so that they could authorize the wharf.

MR. HICKMAN: Well, will the hon. Premier table that in the House?

MR. SMALLWOOD: No.

MR. HICKMAN: Why not?

MR. SMALLWOOD: Because I will not.

MR. HICKMAN: There is nothing discreditable about that.

MR. SMALLWOOD: There is nothing discreditable, It is just a letter from the Minister of Finance to me and I am not tabling it.

MR. HICKMAN: Well, Mr. Speaker, whoever was responsible for an attempt at renegotiating this agreement, it is not that relevant is it?

MR. ROBERTS: No, what is relevant is the Bill before us.

MR. HICKMAN: That is right. It has just been drawn to my attention that the hon. the Premier has on past occasions, as he said in Hansard on page 1696, tabled any correspondence in his possession from the Government of Canada or anyone else. Now I cannot for the life of me see why suddenly Mr. Benson's letter of recent date saying that we want to, may I quote just for the record Hansard of 1696 in connection with the

MR. HICKMAN: Pentecostal resolution and Mr. Chatwood's position.

The correspondence have been tabled, and he said; "Mr. Hickman, that means there is none.

' Mr. Smallwood; there is, there are several letters from the Government of Canada there.

Mr. Hickman a letter from Andrew Chatwood.

Mr. Smallwood, Andrew Chatwood is a part of the Government of Canada and so is the executive assistant of the Minister of External Affairs."

MR. ROBERTS: He is an official of the Government.

MR. HICKMAN: Part.

MR. SMALLWOOD: Part.

MR. CROSBIE: Part.

MR. HICKMAN: So is the member. So is the executive assistants of the Minister of Justice. So is the executive assistant -

MR. SMALLWOOD: The Government of Newfoundland consists of 7,000 persons, the members of it consist of seven people.

MR. HICKMAN: Oh, Mr. Speaker! Oh, Mr. Speaker!

MR. SMALLWOOD: Oh, come on the hon. gentleman knows that.

MR. HICKMAN: I was the one -

MR. SMALLWOOD: He knows that.

MR. HICKMAN: Mr. Speaker, three minutes ago it was not said. The hon. Premier said -

MR. SMALLWOOD: I never said he was a member of the Government.

MR. HICKMAN: Oh, Mr. Speaker!

MR. SMALLWOOD: I never said "he was a member."

MR. HICKMAN: Mr. Speaker! Mr. Speaker!

MR. SMALLWOOD: There are 7,000 parts of the Government in this Province.

MR. HICKMAN: Mr. Speaker, I spelled it out - P-A-R-T. I said the hon. the Premier used the word "part" and the hon. the Premier said, "I did not." "I did not." "I did not."

Now, Mr. Speaker, here it is Andrew Chatwood is a part of the Government of Canada. These are all parts of the Government of Canada.

MR. SMALLWOOD: He is an employee.

MR. HICKMAN: They are not ministers. But they are a part of Canada's Government.

MR. SMALLWOOD: Right! They are not ministers.

MR. HICKMAN: And these letters here, sent by the direction of the ministers. And the letter from the executive assistant to the Governor-General

MR. SMALLWOOD: The girl who typed that letter is a part of the Government, but not a member. The very stenographer who typed it is a part of the Government.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: Mr. Speaker, anyway it is not that relevant.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: When referring to Andrew Chatwood - stated that Mr. Andrew Chatwood was a part of the Government of Canada. The only one who disagrees with me, on the opposite side of the House right now, is the hon. the Minister of Health.

MR. ROBERTS: Mr. Chatwood is not a part of the Government of Canada.

MR. HICKMAN: Right! He disagrees, this is not right.

MR. ROBERTS: Any more than my Deputy Minister is not a part of the Government of Newfoundland.

MR. HICKMAN: Mr. Speaker there has been great talk about the obligations of this Province and the fine distinction that exists between a Crown Corporation and an Agency of the Crown. Indeed, there are probably distinctions between Crown Corporations - you have a Crown Corporation of the type of Canadian National Railway, which is, as I understand it, a Crown Corporation created by a special Act of Parliament. You have, I do not know if the Industrial Development Corporation falls into the category of an agency or a Crown Corporation created by a special statute of this Province. Then you have a corporation, such as Newfoundland or a Provincial building that is incorporated under the provisions of the Newfoundland Companies Act, and shares are held

MR. HICKMAN: By ministers of the Crown, in their capacity as ministers of the Crown and not as private individuals. If they were private individuals, if they were backbenchers in this hon. House, they would not be shareholders or directors of this corporation. It is in that capacity that they hold office. It is in that capacity that they sign documents on behalf of the corporation.

Now, Mr. Speaker, that distinction - the legal distinction maybe quite correct - that in the event of the Provincial Building Company Limited filing a petition in bankruptcy, that it does not necessarily follow that the Government of Newfoundland or the Province of Newfoundland would have to follow suit. It is equally correct, from a purely legal point of view, if you want to rely on this very fine distinction, that the Government of this Province could look ^{at} the creditors and the financial institutions who financed Provincial Building Company Limited and say well; "you have dealt with a paper company. True it is we had ministers of the Crown who were directors - but, unfortunately for you, they have certain protection under the Companies Act and their liability is limited to the amount of their investment or their uncalled shares."

Well that is a technical position. But, surely no one is going to stand in this House and suggest that borrowing by Provincial Building Company Limited or guaranteeing by Provincial Building Company, Limited, this loan of \$130 million from the United Kingdom sources will not effect the credit of this Province. Of course, it will. I submit, Mr. Speaker, that it will effect the credit of this Province to the same extent as if the Province went on the market itself and borrowed the \$130 million.

MR. SMALLWOOD: What nonsense.

MR. HICKMAN: And I suggest too, Mr. Speaker, that if there were any thought in the minds of those who were lending this money, if there were any thought in the minds of those who have insisted the Provincial Building Company, Limited, guarantee Kleinwort-Benson - if there were any thought in their minds that we could escape liability because of a legal technicality or a legal nicety, then obviously they would not put up these funds - and they have asked for

MR. HICKMAN: the guarantee.

MR. ROBERTS: Would the hon. gentleman yield to me for a second?

MR. HICKMAN: Yes, certainly.

MR. ROBERTS: Mr. Speaker, since the hon. gentleman referred to this, I have the "Telegram" from the Library, of June 19th. It is from Ottawa, It is by Mrs. Morey, the "Telegrams" Ottawa correspondent. I quote now from the story, "the establishment of the \$16 million Federal wharf at Come-by-Chance was not discussed, according to Mr. Jamieson. And then in quotation marks - (In other words reporting to quote Mr. Jamieson directly) "The Shaheen deal was not among those things discussed," said Mr. Jamieson. And he added, again Mr. Speaker, the paper quotes Mr. Jamieson. "The Federal Government have not asked the Province to renegotiate its deal with Shaheen. We are prepared to provide the wharf facilities on a pay-back basis, as soon as the argeement is signed." Mr. Jamieson further stated his department would be "perfectly happy." Not his department, not the Department of Public Works, his department, the Department of Transport would be "perfectly happy to build the wharf as long as the agreement was signed." Again quoting the hon. Mr. Jamieson, "we, the Federal Government, literally have no connection with the Shaheen deal whatsoever," the Transport Minister said. "If the deal is signed, we will go through with construction of the wharf." Mr. Speaker, I think that is quite conclusive on this point. I am required to table it, by the rules of the House, but since it is the House's own copy, from our library, Mr. Speaker, I assume I can be allowed to return it to the library. It is the "Telegram" of Friday, June 19th. The article is found on the front page and I think that is pretty conclusive and definite.

Mr. Speaker -

MR. CROSBIE: Weasel words. Weasel words.

MR. ROBERTS: Weasel words. "The Federal Government have not asked the Province to renegotiate a few of Shaheens," those are weasel words. Mr. Speaker, the hon. gentleman yielded it, I will of course let him have the floor back. It is his floor. But so much for weasel words from the member of St. John's West.

MR. HICKMAN: Oh! Thank you, very much.

MR. CROSBIE: So long weasel.

MR. ROBERTS: Oh come on, take your hate elsewhere.

MR. CROSBIE: Oh, think up something better than that.

MR. HICKMAN: Oh no, I must confess a certain disappointment this morning, Mr. Speaker, because where hate had not been mentioned until now - I am sure sometime during the day we had to hear it.

MR. CROSBIE: We get to hate the master.

MR. HICKMAN: Mr. Speaker, may I refer hon. members to the statement made by Mr. Brokaw. I have forgotten who Mr. Brokaw was -

MR. ROBERTS: Barry Brokaw, Procon U.K. Limited.

MR. HICKMAN: Barry Brokaw of Procon U.K. Limited. He was asked and this is to be found on page 2406 of Hansard of April 21st. during the -

MR. SMALLWOOD: I do not think it is in order -

MR. HICKMAN: hearing.

MR. SMALLWOOD: anything that happened in the same session in an earlier sitting.

MR. HICKMAN: Mr. Speaker,

MR. SMALLWOOD: In another session, but not in the same session. It is quite out of order.

MR. HICKMAN: No, Mr. Speaker, I submit that this is not out of order.

MR. SMALLWOOD: Quite.

MR. HICKMAN: Mr. Speaker, I state that there will be a guarantee made by Provincial Building to E.C.D.G. and to Kleinwort-Benson.

MR. SMALLWOOD: Say that again.

MR. HICKMAN: Mr. Speaker, there will be a guarantee made by Provincial Building Company Limited.

MR. SMALLWOOD: Nonsense!

MR. HICKMAN: Nonesense? Well, then if it is not -

MR. SMALLWOOD: There is no guarantee.

MR. WELLS: There is a direct guarantee by the Government.....

MR. HICKMAN: Provincial Building is giving them a guarantee too.

MR. ROBERTS: But, no guarantee by the Government, except the \$30 million.

MR. HICKMAN: Now hon. ministers are going to have to made up their minds, Mr. Speaker. I stated there will be a guarantee made by Provincial Building Company Limited to E.C.D.G. and to Kleinwort-Benson. The hon. the Premier says, "nonsense, nonesense, no such guarantee." The hon. the Minister of Health says "yes, there is going to be a guarantee, but it will not be by the Government, it will be by Provincial Building Company Limited."

MR. ROBERTS: Right, who are not a Crown Corporation. The guarantee is to repay the mortgage.

MR. HICKMAN: Of course it is.

MR. ROBERTS: Of course it is, we will sign a mortgage.

MR. HICKMAN: And guaranteeing E.C.D.G. and Kleinwort-Benson.

MR. ROBERTS: E.C.D.G. are not parties to any of the documents - Kleinwort-Benson and the banks are. E.C.D.G. are not involved with us at all. They are guaranteeing the British banks.

MR. HICKMAN: I cannot speak about Mr. Brokaw's expertise or the position that he occupies. But, when he did come before this hon. House he certainly set up a very knowledgeable man on the financing of this project. Because Procon Great Britain Limited were very heavily involved and this, Mr. Speaker, is the position that he put to this hon. House.

So, Mr. Speaker, apart altogether from whether there was ever a written guarantee given at all, surely no hon. minister is going to stand in this House and say that \$130 million that will be borrowed by Provincial Building Company Limited does not reflect on the credit of this Province. It has too. No one would think that any financial institutions or bond houses would lend money to a company without an assurance that the Province of Newfoundland stands fairly and squarely behind it. I have heard the hon. the Premier make the statement in this House that a Crown Corporation is the Crown, that the only difference between a Crown Corporation and the Government is that a Crown Corporation, being a limited liability owned by the Province

MR. HICKMAN: of Newfoundland, therefore is a part of the Government of the Province, much the same as a Government agency, board or commission is an arm of the Government. The Crown Corporation, however, has a character, and I say it slowly so the Premier can correct me, if I am quoting him wrong. "The Crown Corporation, however, has a character distinct from the other arms of the Government in that it is authorized to raise its own funds and to conduct commercial enterprise."

MR. SMALLWOOD: Some Crown Corporations.

MR. HICKMAN: "It is the responsibility of the Provincial,"

MR. SMALLWOOD: That is not the essential definition of a Crown Corporation.

MR. HICKMAN: It is the essential - (I do not want to misquote the Premier.) "It is the responsibility of the Provincial Government to take the necessary step to enable the Crown Corporation to conduct routine business and to see that it meets all of its obligations. There has never been a case where a Crown Corporation either Federal or Provincial has been allowed to go into bankruptcy."

And, Mr. Speaker, no one can take -

MR. SMALLWOOD: That sounds - it is not, but it sounds like a quotation from a letter I wrote to E.C.G.D. describing Crown Corporations, but I did not give a description of every type and kind of Crown Corporation, obviously.

MR. HICKMAN: But no one can take issue on that, Mr. Speaker, because that is precisely what a Crown Corporation is all about. A Crown Corporation - the failure or bankruptcy on ^{the} part of a Crown Corporation would be just as serious as if this Province defaulted on its bonds. Anyone knows it and to suggest that this Province is not borrowing a total of \$130 million plus \$30 million - \$160 million or whatever the total figure is between the \$30 million and the amount coming out of England is not completely correct. In fact it is not correct at all, Mr. Speaker.

This is why, Mr. Speaker, the question - there is no point standing in this House or in public and saying, two years ago this House approved of Come-by-Chance. Of course this House approved of Come-by-Chance two years ago. But two years ago, we were talking about a completely different quintal

MR. HICKMAN: of fish than we are talking about today, Mr. Speaker.

Two years ago, when this legislation was passed, it authorized a loan of \$30 million, if it was to be a 30,000 barrel a day project, but if it went to 100,000 barrels a day there was provision for the borrowing along the route that is being followed now. But all hon. members will remember and recall that, even as late as January of this year, we were not talking about a \$165 million project. We were talking about a project that might go anywhere from \$80 million to \$100 million. And the hon. the member for Bonavista South recalls that very clearly, as I see him nodding his head.

Now, Mr. Speaker, we have a completely different situation. The people of this Province are being called upon to guarantee directly or indirectly and to pledge the credit of this Province to the tune of \$165 million for the same project, the same production, the same viable industry as it was being called upon two years ago - they were being called upon two years ago to guarantee somewhere between \$80 million and \$100 million.

MR. SMALLWOOD: Now we are going to guarantee Shaheen's \$10 million.

MR. HICKMAN: Mr. Speaker, if you will very carefully read the statements that have been emanating, and if you will very carefully read the Jacobson's report you will see no provision, no suggest that out of the \$155 million that will come from E.C.D.G. and will come from the \$30 million to be guaranteed or raised by the Province that out of that will be repaid the \$5 million interim financing that has been advanced by this Government.

What I say to hon. members, (because on both sides of this House there is not much point in burying our heads in the sand and say this is just a Crown Corporation, this is simply a guarantee) if the project goes ahead we will have a refinery at Come-by-Chance and it will yield "x" numbers of dollars to our coffers, and it will provide between 300 and 400 permanent jobs for the people who maybe be employed in this refinery. That is not the question at all, Mr. Speaker, the question that this House must ask itself, when debating the principle of this Bill, is whether or not this is the wisest way for the Province of Newfoundland to pledge and to pledge

MR. HICKMAN: its credit to the tune of \$155 million at this time. Can we get better value for our \$155 million? Can we fine more than 300 to 400 jobs by pledging our credit of \$155 million? There is not much point in arguing and suggesting and I have heard this suggestion made time and time again during the past few weeks in particular - "Oh! they have opposed Bowaters or Corner Brook, whoever went in there. They opposed Churchill Falls." I do not know who opposed Churchill Falls. Since I have been a member of this hon. House, any Churchill Falls legislations always have unanimous approval. "They opposed the great development at Grand Falls. And now they are going to oppose Come-by-Chance." It is like comparing apples with oranges,

MR. SMALLWOOD: A pretty perfect record.

MR. HICKMAN: There is just no comparsion.

MR. SMALLWOOD: A pretty perfect record all right.

MR. HICKMAN: Because, Mr. Speaker, there is one vital difference, and the vital difference between Churchill Falls and Grand Falls and Corner Brook and Come-by-Chance is that these three former industries had as their base, the very base of their success, the raw materials, our natural resources. This is not the case in Come-by-Chance. In Come-by-Chance the only thing that we have to offer is our geographic position in the North Atlantic and Come-by-Chance Harbour. Nothing else.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: That is a resource, but it is not the main resource. The main resource for the manufacture of pulp and paper is wood. And that wood is located in Newfoundland. The main resource in generating hydro power is water and that is located in Labrador. But the main resource in refining, petroleum products is crude oil, and that is located in Kuwait.

MR. SMALLWOOD: And maybe here.

MR. HICKMAN: And, Mr. Speaker, maybe someday it maybe here.

MR. SMALLWOOD: Yes.

MR. HICKMAN: And let me tell you, Mr. Speaker, that if we do find this here, that if we do find it here (and I will draw this House's attention to the fact that there was an announcement in one of the oil magazines quite recently by Shell Oil that they plan over the next number of years to spent \$225 million on the waters of the East Coast of Canada in exploration and looking for oil deposits) if that happens, Mr. Speaker, that will be the death knell of Come-by-Chance.

MR. SMALLWOOD: Oh, what trash!

MR. HICKMAN: Mr. Speaker, I say this with absolute certainty that if, for instance, Shell Oil discovered tomorrow oil on the Grand Banks of Newfoundland, there is one place where it will not be refined and that is in the refinery of any competitor. Oil companies do not go out to look for oil to help their competitor -

MR. SMALLWOOD: They sell to their competitor.

MR. HICKMAN: They sell to their competitors after it is refined, Mr. Speaker.

MR. SMALLWOOD: No! No! Quite wrong! You are absolutely wrong.

MR. HICKMAN: No of course it was not wrong. All you had to do was disagree with the Government and you are wrong.

MR. SMALLWOOD: Oh, well you are wrong.

MR. HICKMAN: Of course you are wrong. Mr. Speaker -

MR. SMALLWOOD: Oil companies sell crude to all kinds of people.

MR. HICKMAN: I say, Mr. Speaker that if we ever make these discoveries off the East Coast of Newfoundland on the Grand Banks or St. Pierre Bank or wherever they are looking (and obviously there must be something there or they would not be spending that kind of money) the beneficiary will be the company that makes that finding and not another oil company. Indeed, it will be right the reverse, Mr. Speaker, because I am sure that hon. members do not think for a minute that if Shaheen resources or Newfoundland Refining is competing against Shell or Imperial or Gull in the Eastern Canada market, which it must, and it cannot survive unless it does, that Shell Oil or whoever else is out there. (and there are a lot of them out there) are going to put them in a preferred position or alternatively give up their own preferred position to allow them to go in and compete on their same terms -

MR. HICKMAN: That is not realistic, Mr. Speaker. In fact, Mr. Speaker, the reverse obviously has to be the correct position.

Mr. Speaker, if I may get back to what I was saying earlier: The big principle in this Bill, and I cannot accept the statement made by the hon. the Premier this morning that, this House approved this project two years ago. This House did not approve this particular project two years ago. This House approved a far different project, as far as the credit of this Province is concerned. And that is why, Mr. Speaker, I have been saying time and time again that when Mr. Shaheen and his group had to come back to the Province of Newfoundland and say to the people of Newfoundland, instead of \$80 million or \$100 million, we now want \$155 million. - that that was when Government had a very solemn obligation to renegotiate a far, far better deal than we have now.

This is not unprecedented, Mr. Speaker, it is not unprecedented to ask, for provinces such as this where you have to try and drag industry in, it is not unprecedented for the provinces to ask for a very substantial share in the earnings of the company. It is not unprecedented at all. They have done it in Saskatchewan. They have done it in Manitoba, in their paper and cement plants out there. They are getting anywhere from twenty-five to thirty-five percent of the earnings.

Well, Mr. Speaker, let us just take a look, let us work backwards and get some idea what these earnings will be. Just see what our silent partner will make out of a very small investment and what we will make out of a very substantial investment and a very substantial pledging of the people's credit. We were told, Mr. Speaker, that as a result of the recent trip to Europe \$76 million extra has been made, over a period of thirty years. There will be a saving of \$15 million on electricity. There will be \$10 million from the sale of shares, if Mr. Shaheen decides to buy. And there will be five percent of the gross profits before taxes and depreciation.

Now, Mr. Speaker, if you add the two known parts. If you accept the fact that Mr. Shaheen will buy - will dig down and find \$10 million and that

MR. HICKMAN: we will save \$15 million on hydro, and if you deduct that from \$76 million, you are left with \$51 million. So obviously the other \$51 million must come off the top. It must be that five percent off the top that we are going to get. Now if we are going to get an additional five percent over a period of thirty years, it is very easy for anyone with any sense of mathematics at all to figure out what the total gross profits of Come-by-Chance will be during that period. We get \$51 million, being five percent, the other ninety-five percent over that same period comes to a total of one billion, and twenty million dollars.

Now, Mr. Speaker, is that a good deal for Newfoundland? Is it a good deal for Newfoundland who is putting up almost all of the investment, who is pledging the credit of Newfoundlanders for the next fifteen years or eight years anyway? Is it a good investment for us to get \$51 million and for Mr. Shaheen's profit to be one billion, and twenty million dollars? It just is not a good deal. Of course, it is not. If the oil business is as viable as people say it is, and I have heard it said in this hon. House that if you get an oil refinery going it is like having a license to print money.

Now supposing it is - but let no one forget that despite the enthusiasm and the experts we have been told that Mr. Shaheen can gather around him, let us not forget that without the credit of the people of Newfoundland behind him, Mr. Shaheen could not make one dollar at Come-by-Chance, he will not make the astronomical profits that we have been told will flow from this operation,

Mr. Hickman.

if and when it becomes operative at Come-by-Chance. So, if we put up the money, we can still make it very, very attractive for Mr. Shaheen and still have this thing go ahead on a fifty/fifty deal. We are not breaking new ground insofar as the undeveloped provinces are concerned. We are not coming up with a bold, new policy that will frighten investors away from Newfoundland. They have not been frightened away from other undeveloped provinces by the Provincial Government asking for a substantial share in the equity after all the bonds have been paid off.

Mr. Speaker, this is not nationalism. This is not nationalizing a company. This is simply the most important part - the partner putting up all the money except for \$10 million or so, saying: "I want my fair share of the return from this Shaheen proposal and from Come-by-Chance and this we are not getting."

Mr. Speaker, let me draw again to the House's attention, because we have to assume that there are a lot of facts that are unknown to us, we had a hearing here for two days and two nights with all sorts of representatives from the Shaheen organization. I think that the most unbiased, in fact the most partisan supporter of the Shaheen proposal would have to admit, without any hesitation, that there was no information came out of that hearing, but none. It is equally clear that if there is distress and concern, as there is today throughout this Province, over the plunge that we are now being asked to take in Come-by-Chance, a great deal of it is attributable to that televised hearing that took place here in April. Because Newfoundlanders came away, I suggest, with a pretty sick feeling - a feeling that we did not get the facts - a feeling that this is an unnecessary risk and a risk that will not provide anything like the employment and the jobs that we need at this time or anything like the jobs that we could get by a more

Mr. Hickman.

prudent pledging of our credit to the tune of \$155 million. Even if you take the outside figure, the 400 figure, permanent employment, that is still twenty-five less than the number of permanent employees we have in the mines at St. Lawrence. But yet we are going to pledge it, because if we pledge this credit, make no mistake about it, Mr. Speaker, that when our credit is pledged to this Crown corporation that something has got to give. Somebody has got to be asked to stand to one side and wait. I have heard all sorts of arguments and emotional speeches in this House that if we do not have industry, then the public services - we will not have the public services. But let us be absolutely certain that the people of Newfoundland realize this - that they realize that the next time the Government of this Province goes into the bond market to borrow money that sitting in front of it will be the obligations for Mr. Shaheen or by this Province for Mr. Shaheen.

Let no one believe that we are going to be able to borrow the necessary capital funds to provide health and education for Newfoundlanders or to provide all the highways that the hon. Minister of Highways so generously promised in his program earlier this year, or all the water and sewer proposals that the hon. Minister of Municipal Affairs so generously promised not so long ago in this House. Let no one believe that we are going to have all that. Something is going to have to wait and it is obvious that these public services will have to wait. It is obvious, too, that the other industries in this Province that are labour intensive, that are desperately in need of additional funds for expansion, that they are going to have to wait too. All for the sake of providing a very profitable organization for Mr. Shaheen, who himself admits and who has admitted and stated time and time again and,

Mr. Hickman.

as the hon. the member for St. John's North said here earlier this year, is a promoter. "Do not ask me about numbers." That was his response to questions here. "Do not ask me about the technicalities of the oil business. I am not the oil man. I have Mr. White who, indeed, is a very competent oil man. I have others around me. I am the promoter."

Well, Mr. Speaker, it is an unfair position to put to this House at this time. If the people of Newfoundland have to make a choice and they do have to make this choice, then the people of Newfoundland and not this legislature should decide. I can recall, back in 1952 or 1951, eighteen months after the first provincial election, there was a second provincial election called, and I can remember the hon. the Premier's statement when the House was dissolved. He was about - the Government wanted to embark on a program of industrial development. It staggered the imagination of Newfoundlanders at that time. We were talking about \$10 or \$15 million, but it was a staggering sum just eighteen years ago. But the Premier said; as a responsible leader of the Government of this Province, I would not and will not embark upon that type of program, I will not commit or mortgage the future of Newfoundlanders with that type of economic development, unless I get the approval from the people that I want it from most and that I should get it, mainly, from the voting people of Newfoundland.

PREMIER SMALLWOOD: Did I get it?

MR. HICKMAN: And, Mr. Speaker, the hon. the Premier went to the country and the country said, "Amen. Go to it and spend your \$10 or \$50 million."

PREMIER SMALLWOOD: How many times since then did I go and get the mandate?

MR. HICKMAN: We have had six..

PREMIER SMALLWOOD: How many times since then.

MR. HICKMAN: We have had six elections since, Mr. Speaker.

Mr. Hickman.

But it is the seventh election.

PREMIER SMALLWOOD: Four times since that.

MR. HICKMAN: But it is the seventh election. I can see no reason, and I am sure that the hon. the Premier can see no reason why he should now change his philosophy. Because if that philosophy - if that belief - if that principle applied in 1951, if it applied to the great fisheries program some years later, that never came off but still there had to be an endorsement by the electorate. It applied in 1966, at the time of the great sod turning ceremony - all of these times it applied. But this time, when we are now being called on with absolute finality to pledge the credit of the Province of Newfoundland and the people of Newfoundland to the tune of \$155 million, the Premier does not see fit to go and ask the people of Newfoundland if they want to take this plunge or not. I say, Mr. Speaker,

PREMIER SMALLWOOD: The hon. gentleman will not be in the election so why is he..

MR. HICKMAN: I will be in the election, Mr. Speaker. ..

PREMIER SMALLWOOD: No he will not.

MR. HICKMAN: You do not have to worry about that.

PREMIER SMALLWOOD: He will not be in the election..

MR. HICKMAN: I will be in the election. I will be back in this legislature..

PREMIER SMALLWOOD: Where, in St. John's?

MR. HICKMAN: I will be back in this legislature after the election and I will be standing here as the member for the ancient and hon. district of Burin - B-U-R-I-N.

PREMIER SMALLWOOD: Fat chance.

Mr. Hickman.

And the hon. Premier ...

PREMIER SMALLWOOD: Frosty Friday. As a Tory, in Burin?

MR. HICKMAN: The reports that are coming back to the hon. the Premier are causing him nightmares. If they were not, he would have gone to the country long ago, I say, Mr. Speaker, ..

PREMIER SMALLWOOD: Frosty Friday!

M R. HICKMAN: I say, Mr. Speaker, that the Government know..

PREMIER SMALLWOOD: A Tory candidate for Burin - a Tory member for Burin, hey?

MR. HICKMAN: Come-by-Chance does not have the approval...

The hon. the Premier is fully aware, so are members of the Government, that this Come-by-Chance proposal does not have the approval of the people of Newfoundland, knows it clearly and unambiguously. Do you think for one minute that with four years, about now, having gone by, Mr. Speaker, since the last election that if the hon. the Premier thought that the people of Newfoundland wanted Come-by-Chance to go ahead, wanted to take this risk, that he would not have called an election? You would not see him for dust. But no, Mr. Speaker, he..

PREMIER SMALLWOOD: The hon. gentleman is in for some surprise.

MR. HICKMAN: He is fully aware...

PREMIER SMALLWOOD: He is in for some..

MR. HICKMAN: They do not want to pledge their credit to the tune of \$155 million. As the reverend gentleman from Fogo said; we are not prepared to have our students sitting out and playing in the streets, to wait eight years to make the supreme sacrifice for Come-by-Chance. Mr. Speaker, as the immediate past president of the Newfoundland Teachers' Association said; this generation of Newfoundlanders are not prepared to sit back and make the sacrifice for the Come-by-Chance proposal, and the hon. Premier knows that better than anyone. Could you not imagine, if he thought he would win an election today, we would be dissolved. We would be out of here.

Mr. Hickman.

I can hear him now. I would not dare spend that money to bring about this great development to provide the jobs, jobs, unless the people of Newfoundland said we want you to do it.

MR. BARBOUR: Do not push too far.

MR. HICKMAN: I am pushing him. I am pushing him. I am inviting him. There is nothing I would like better today than to see this House dissolve. But, Mr. Speaker, put politics to all one side. Forget about politics.

MR. MURPHY: The hon. member for Bonavista South is frightened to death.

MR. HICKMAN: Oh, yes.

MR. BARBOUR: Who is frightened to death?

MR. HICKMAN: Look the hon. the minister for Bonavista South has got his industry. He has one man working in the lighthouse. What more does he want? No wonder he is happy. No wonder he is not demanding. No wonder he is not demanding that some of that \$155 million go down in Bonavista, Mr. Speaker.

MR. BARBOUR: Twenty people...

PREMIER SMALLWOOD: So he is only twenty per cent right. He is twenty per cent right.

MR. HICKMAN: Anyway the hon. member for Bonavista has his industry. We are aware of that. But, Mr. Speaker,

MR. BARBOUR: Perhaps, if it was not for the hon. Donald Jamieson you would have nobody working there.

MR. HICKMAN: Right. Right. He is a great man to have in Ottawa.

MR. CROSBIE: I am from St. John's

MR. HICKMAN: I suspect that that is where he is going to stay for a long, long time.

MR. BARBOUR: There are 365 people working in the fish plants. There are ninety to eighty people - ah! you are not too deaf. You can hear what I am saying. Do not put your finger up to your ear.

Mr. Barbour.

There are ninety people working in the silt plant in Bonavista. There are another 150 working in Charlottetown.

MR. HICKMAN: If we had one hundred - one, one hundred and fifty-fifths of the money that is going into Come-by-Chance, you would have the hon. member for Bonavista South - the hon. member for Bonavista South would have in his district, at least, another 100 permanent jobs and he knows that. This is what I am asking the hon...

MR. BARBOUR: When Come-by-Chance starts, the hon. member will have a number of jobs at Come-by-Chance.

MR. HICKMAN: That is what I am asking the hon. members of this House as to whether they are going to take this risk, whether we are going to pledge this credit, whether we are going to be prepared to take this calculated risk and say, sure we will plunge everything into Come-by-Chance.

MR. BARBOUR: Bonavista South will give the Premier of this country seventy-five to eighty per cent mandate, a vote of confidence, if he does have to go to the country on this Come-by-Chance project. I pray God that he dissolve the House and goes right now.

MR. HICKMAN: So do I. Right. Now we have it.

PREMIER SMALLWOOD: The one who will decide is the one who has lead six successful elections. That is who will make the decision. He knows how to choose the right time. He has learned well how to choose the right time for an election.

MR. HICKMAN: Mr. Speaker, we have been - the hon. member for Trinity South who, I know, is a bit concerned over the statement that has been emanating from Ottawa to the effect that Come-by-Chance will have the benefit for his colleague in Placentia East.

MR. STRICKLAND: The hon. member from Trinity South can well speak for himself.

Mr. Hickman.

I am sure he must be apprehensive about this because we know that they are only coming out at - there will be 100 the first month and 100 in the second month and 100 in the third month. There are 800 unemployed at Argentinia who will get top priority. But, you know, that is the name of the game. The hon. member for Trinity South is a very patriotic member for his district, and I know that he will make the supreme sacrifice and say to his colleague, the hon. member for Placentia West; you go first.

But, Mr. Speaker, we have been..

PREMIER SMALLWOOD: He has not said anything yet.

MR. HICKMAN: During a debate here in this House, back around April 6th., we were talking about Come-by-Chance. I had the temerity at that time to question the suitability of the land that had been conveyed, and the scorn that was heaped on me - contemptible. I did not know what I was talking about. I was buried in bog. There was lots of land that had .. already been conveyed, more than adequate to take care of 100,000 barrel a day refinery..

PREMIER SMALLWOOD: So it is.

MR. HICKMAN: But now, Mr. Speaker, we were told earlier today, when we asked for an explanation as to why this additional land was now being conveyed; so that they will be assured of adequate land that can be properly cleared and is properly suitable for the purpose intended.

But, Mr. Speaker, because it happened to come from this side of the House...

PREMIER SMALLWOOD: What distortion! What a gift for distortion the hon. gentleman has! It is a gift. It is a talent. It is a special

Premier Smallwood.

talent.

MR. MURPHY : He is certainly well trained. I can say that.

MR. HICKMAN: That is right. You cannot worship the shrine of the Premier for three years and not pick up something.

MR. CROSBIE: Twenty-one years.

MR. HICKMAN: But, Mr. Speaker, apart altogether from that.

What is wrong with the Government coming out and saying, we were wrong. What is wrong with the Government coming out on April 7th and saying, we were wrong, and now we are going to correct it. Government do not lose votes by admitting mistakes. They do lose votes by trying to cover them.

Mr. Speaker, it is still as valid today as it was three months ago and it is still as relevant to this Bill, in fact, indeed, it is more relevant to this Bill than it was at the time that the original Bill went through as to just how this Newfoundland Refining propose to get rid of the production that it is going to turn out in Come-by-Chance.

Now we have been told that the contracts, the take or pay contracts cannot be tabled. We are told that the B. P. Contract cannot be tabled. We are told that certain financial information cannot be made public. We are told that the projected profits of Newfoundland Refining cannot be made known to Newfoundlanders because this will give the competitors, these dreadful oil companies who are operating elsewhere in North America an unfair advantage over this promotion which is going ahead in Come-by-Chance.

Well, Mr. Speaker, there are certain things that we can have that will not give an unfair advantage to the competitors of Mr. Shaheen. We can have tabled in this House a letter from the Deputy Minister of Justice to the effect - we can leave out names. We can leave out prices - to the effect that he has examined take or pay

Mr. Hickman.

contracts for, at least, sixty per cent of the production of Come-by-Chance and that he is prepared - the Deputy Minister of Justice of this Province - to verify that there is now in full force and effect, enforceable, valid contracts covering sixty per cent of the total output of the Come-by-Chance Refinery. That will not give away anything. We do not ask for names. We do not care to whom it is being sold, although that is relevant, but we can do without that, because this could place them in, presumably, an unfair competitive position. We do not want to know the price. But what we want is a letter from the Deputy Minister of Justice saying; I have read these contracts. I have read contracts totalling sixty per cent of the production of that plant and I hereby verify that these contracts are valid and enforceable. Not letters of intent - not heads of agreements that, I must confess, at one time I thought was some magic document with all the enforceability of a contract. I have found that this is not so.

At the same time, a letter from the Deputy Minister of Justice saying; I have read and perused a take-or-pay contract for at least sixty per cent of the crude requirements of Come-by-Chance, allegedly entered into between British Petroleum (because this has been made public) and Shaheen. And that I verify and certify that this is a legal, binding, enforceable contract. Again a letter from the Deputy Minister of Justice saying; I have examined the charter parties or the contracts or whichever the case may be or both between the ship building company that will build the tankers or alternatively, if they are going to be chartered, the charter parties between the owners of these ships and Newfoundland Refining and again that these are enforceable.

Mr. Hickman.

This will not give away any military secrets. It will not help the major oil companies one bit, but it will give a great deal of assurance to this House, if we know that there are today, contracts that have been made available, delivered up to the Minister of Justice and his deputy, and that they have been approved and that they will now say that they are final and binding.

PREMIER SMALLWOOD: Instead of from the Deputy Minister of Justice, the House has that assurance from Jacobs Engineering.

MR. HICKMAN: Oh! Mr. Speaker!

PREMIER SMALLWOOD: Oh! Oh!

MR. HICKMAN: No, Mr. Speaker. That is what we do not...

PREMIER SMALLWOOD: The Canadian Government have had it and the British Government have had it and this Government have had it. This Cabinet have had it.

MR. HICKMAN: Mr. Speaker,

PREMIER SMALLWOOD: They have examined every contract.

MR. CROSBIE: Jacobs have not had it.

PREMIER SMALLWOOD: Jacobs Engineering examined every contract, for the supply of crude and the sale of finished products.

MR. HICKMAN: Well they do not say so in their report.

PREMIER SMALLWOOD: Well they have to have it.

MR. HICKMAN: They do not say so in their report.

PREMIER SMALLWOOD: Well they have to have it. I say they do.

MR. HICKMAN: Well, Mr. Speaker, then it would be very easy. Then there will be no difficulty at all to get the Deputy Minister of Justice to give these letters. Because if the Government of Canada have accepted the fact that they are legal and binding contracts, in these certain vital areas, because you have to have the three pack - all must be together.

Mr. Hickman.

If you have not got your crude and have not got your markets and you have not got your ships, then without anyone of these, the whole thing collapses.

MR. ROBERTS: They are conditions..

PREMIER SMALLWOOD: The Canadian Government have examined these contracts - the British Government have examined them. This Government have examined them. Jacobs Engineering have examined them, but the hon. member wants a letter from the Deputy Minister of Justice.

MR. HICKMAN: Right! That is exactly what I want.

PREMIER SMALLWOOD. Oh!

MR. ROBERTS: We have a lot of faith in the Deputy Minister of Justice. That is not needed.

MR. CROSBIE: Who in the Government have examined them?

PREMIER SMALLWOOD: A sub-committee of the Cabinet. Six members of the Cabinet spent two days going through the contracts.

MR. HICKMAN: Are the lawyers who are members of that sub-committee prepared to assist and give us now a formal letter in writing that these are valid and subsistent.

PREMIER SMALLWOOD: A formal letter in writing - no.

MR. HICKMAN: An enforceable contract.

MR. ROBERTS: Hold on now. Before we can legally sign the mortgages, the two mortgages, the solicitors for all parties must be satisfied, including E.C.G.D., Kleinwort, etc., etc., the solicitors are going to say, properly, Government or building, as the case may be, your power to act is conditional. Show us that the conditions are met, or else we have no power.

MR. HICKMAN: Mr. Speaker that same condition..

MR. ROBERTS: That is that.

MR. HICKMAN: That same restriction is imposed on any contract that has been signed to date for the financing of the....

MR. ROBERTS: Of course! Of course!

MR. HICKMAN: But contracts have already been signed.

MR. ROBERTS: No!

PREMIER SMALLWOOD: Tentative...

MR. ROBERTS: The contracts that have been signed are subject to performance of all of the committee's procedures.

MR. HICKMAN: Well, they are not binding contracts.

MR. ROBERTS: Of course, they are binding. Once the conditions proceed and they are fulfilled.

MR. HICKMAN: The contract with Procon is not a binding..

MR. ROBERTS: Of course it is a binding contract.

MR. HICKMAN: There is no point in getting into an argument, Mr. Speaker.

MR. ROBERTS: No!

MR. HICKMAN: If the Procon contract is a binding contract, then obviously, there will be no difficulty in getting this opinion that we ask. I am sure that the hon. Minister of Health will agree with me that I am not asking this facetiously..

MR. ROBERTS: The difference is that I have seen the contract with Procon and this hon. gentleman has not.

MR. HICKMAN: For a very good reason and I accept the position - and the purpose of this argument that Mr. Shaheen is entitled not to have confidential information given to his competitors. What I say is; we can get the assurance from the Deputy Minister of Justice, whose immediate boss is the Crown's first law officer. In the final analysis, it is the Minister of Justice who takes the responsibility for this.

MR. ROBERTS: Sure.

MR. HICKMAN: Having read these contracts and examined them, there is now in existence subsisting valid and enforceable contracts.

MR. ROBERTS: The hon. gentleman knows as well as I do that

Mr. Roberts.

before any Government member sets his signature to a mortgage indenture, he will require an opinion from the Minister of Justice. Correct? He would be an unmentionable fool, if he did not.

MR. HICKMAN: Right.

MR. ROBERTS: I am not saying that the opinions are ready. Just as before the Kleinwort people will sign the final financing agreements, they are going to require assurance from their solicitors.

MR. HICKMAN: We have known now, Mr. Speaker, for a long, long time that sixty per cent - a minimum of sixty per cent...

MR. ROBERTS: Right. That is right.

MR. HICKMAN: A minimum of sixty per cent has been sold under take-or-pay contracts.

MR. ROBERTS: Right.

PREMIER SMALLWOOD: Take-or-pay.

MR. HICKMAN: Take-or-pay.

PREMIER SMALLWOOD: Right.

MR. ROBERTS: As a matter of fact...

MR. HICKMAN: Valid, enforceable take-or-pay contracts.

MR. ROBERTS: Some of that ...

MR. HICKMAN: Have these take-or-pay contracts been examined?

MR. ROBERTS: Yes.

PREMIER SMALLWOOD: I have them examined - two days.

MR. HICKMAN: When?

MR. ROBERTS: I have not got the date. The hon. gentleman is not yet a member of the Government. He can hope.

MR. MURPHY: I have to agree with him.

MR. ROBERTS: The devil you have to agree with him. That is not

Mr. Roberts.

what the legislation says. The legislation says the Government must.

MR. HICKMAN: The Government must.

MR. ROBERTS: The hon. gentleman is not yet a member of the Government.

MR. HICKMAN: Mr. Speaker, I do not mind. He can talk all day. The simple fact is, Mr. Speaker, that the only reason why there has not been complete disclosure in this House, as I understand it, not the same disclosure for instance as Government were obligated to make under the Doyle deal, is because of the fear of providing information to the competitors of Mr. Shaheen.

MR. ROBERTS: Correct.

MR. HICKMAN: Mr. Speaker...

PREMIER SMALLWOOD: And because - and because this deal has been opposed, with the most savage opposition that anything ever in Newfoundland met, - anything. Nothing ever met such savage opposition.

MR. HICKMAN: Two years ago the most savage opposition was to the third paper mill out in Come-by-Chance.

MR. ROBERTS: That is more savage all the time.

MR. HICKMAN: Mr. Speaker, getting more....

PREMIER SMALLWOOD: Not as savage as this. Churchill Falls, that was pretty savage but not as savage as this.

MR. ROBERTS: You know; anyway the opinions will all be filed...

MR. HICKMAN: All this savage opposition that you hear about. I cannot recall any savage opposition to Churchill Falls. There may have been.

MR. ROBERTS: The opinions will all be filed, before anything is signed. You know the hon. gentleman can rest assured on that.

Mr. Roberts.

I, for one, am not going to sign anything without it.

MR. HICKMAN: Pardon.

MR. ROBERTS: I, for one, am not going to sign anything without the opinions, that I am...

MR. HICKMAN: And not heads of agreements, not letters of intent. Heads of agreements as the hon. Minister of Health knows - well anyway..

MR. ROBERTS: The hon. gentleman is not going to lecture me on the law at this stage.

MR. HICKMAN: It has not got the enforceability ...

MR. ROBERTS: It depends on the terms of the heads of agreement, Mr. Speaker. Besides the contract, the hon. gentleman will agree, is the agreement.

MR. HICKMAN: That is right.

MR. ROBERTS: The hon. gentleman was talking about the memorandum required by the Statute of Fraud, 1660.

MR. HICKMAN: Now, Mr. Speaker, time is running out.

PREMIER SMALLWOOD: That is before this House was born.

MR. CROSBIE: Where is the Minister of Justice?

MR. ROBERTS: Mr. Justice is about Her Majesty's business in Nova Scotia.

PREMIER SMALLWOOD: He is with all the Attorneys-General of this great Canadian nation of which Newfoundland is so proud to be a part.

MR. CROSBIE: He will be coming back Monday.

PREMIER SMALLWOOD: Thanks to Confederation.

MR. ROBERTS: Monday.

MR. HICKMAN: I wonder, if I could beat my way through the patriotism,

Mr. Hickman.

Mr. Speaker, and get back to the..

PREMIER SMALLWOOD: I was just putting in a plug for Confederation to the hon. bearded gentleman.

MR. CROSBIE: Thank God we are free to grow beards.

MR. HICKMAN: Mr. Speaker, I am sure that the..

MR. CROSBIE: A beard is not allowed near the Arts and Culture Centre.

MR. HICKMAN: I am sure that..

AN HON. MEMBER: Will you be quiet?

MR. HICKMAN: Well I tell them, but they will not shut up.

MR. ROBERTS: Meanwhile back on the Bill,..

MR. HICKMAN: Right. Mr. Speaker, in the amending agreement, there is a provision concerning the requirement to call for bids of or from sub-contractors for the sub-contract work of two Newfoundland companies, preferably,

MR. HICKMAN: Section, but I have lost the Bill now, The section I referred to Mr. Speaker, (I do not want to go through it in detail during the discussion of the principle) is that the Turnkey contractor shall call for bids from a company. I have lost it now, somebody find it for me. Oh yes, he calls upon a contractor to invite tenders for structural work on all permanent buildings.

Now Mr. Speaker, that is a change from the original Bill, which in effect imposed on the prime contractor the obligation to call for tenders from at least two companies, preferably in Newfoundland, to call for bids on any of the work going on. There must be some reason for that change that escapes. Mr. Speaker, what I would like to see included in this Bill, as a matter of principle - you know, you can blindfold anyone if you want to by putting in a provision saying that you are calling for two bids. There has to be a bit more than that in there, Mr. Speaker. They have to be genuine bids, they have to be bids made by companies who are truly competitive with each other. They have to be made by companies who have equal access to all the technical data, Mr. Speaker, my reason for asking that this be included in the contract, is that I am not satisfied that, on the spending of the money that has been spent to date, that, where bids were called, the genuine bids were in effect made in-so-far as Come by Chance is concerned. In fact, I state categorically, Mr. Speaker, that genuine bids were not called. Mr. Speaker, we might be able to survive a half million or a million dollar project or something less than that, but if we are going to call for bids from subcontractors for major parts of the work that will run into millions of dollars, then these bids have to be genuine bids and there can be no provision in there that if you are a low bidder we will let you make it up on the next job. Mr. Speaker, that was done on the first job in Come by Chance.

Mr. Speaker, this present loose draft does not in my opinion afford the Government and the Province the type of protection - the type of protection that is envisaged when you ask for competitive bids for this type of industry.

MR. ROBERTS: Loose drafting by the same Deputy Minister of Justice

MR. HICKMAN: Whether it is, the fact is that having been burnt once I would hope that the hon. Minister of Health will agree.....

MR. ROBERTS: Give us the word.

MR. HICKMAN: That is should be so drafted, and committee will be the time to give the word that this can not happen again.

MR. ROBERTS: Give the word in advance.

MR. HICKMAN: But Mr. Speaker, as time is running out, I would like to make some reference to the viability of this project. Now we have.....

MR. SMALLWOOD: The hon. gentleman has already told us it is one billion - twenty million profit for Mr. Shaheen, and fifty million for us.

MR. HICKMAN: That is right, if I accept the hon. minister's figure today, five percent means fifty-one million but obviously

MR. SMALLWOOD: Who said that, I did not

MR. HICKMAN: Well I said seventy-six, but you deducted.....

MR. SMALLWOOD: I did not say it.

MR. HICKMAN: Mr. Speaker, if you deduct from seventy-six million the two sure amounts.....

MR. SMALLWOOD: What other amounts have also to be deducted?

MR. HICKMAN: Well, I hope the Premier is going to do the House the courtesy of not insulting their intelligence by getting into the multiplier bit and the great unknown and say that this is the money that is being saved. There might be all sorts of additional income and additional monies that may come from industry being established. We are talking in this House about fixed amounts - seventy-six million extra over a period of thirty years. We know that fifteen^{million} comes from the saving allegedly on the power contracts. We know that ten million will be available if and when Mr. Shaheen exercises option to buy the shares and to buy out the company, and that leaves fifty-one million.

MR. SMALLWOOD: No, that leaves five percent off the top before these taxes - that leaves corporation income tax, that leaves personal income tax, that leaves...

MR. HICKMAN: . But that is all in the eighty-eight million.

MR. SMALLWOOD: No, no-

MR. HICKMAN: That was in the eighty-eight million

MR. SMALLWOOD: No, no, that leaves the profit on beer and liquor, that leaves gasoline tax, that leaves the social security tax, I spelled them out there this

morning.

MR. HICKMAN: That is right, these are the multipliers.

MR. SMALLWOOD: Not multipliers.

MR. SMALLWOOD: Not multipliers, these are cash, these are cash.....

MR. HICKMAN: The unknown multipliers

MR. SMALLWOOD: Coming into the treasury that would not come in if the refinery were not there.

MR. HICKMAN: If the 400 people - well that is very easy to figure out. All you have to do is go

MR. SMALLWOOD: But you have to figure it out.

MR. HICKMAN: All you have to do is go through a town of comfortable size with a comparable wage scale and we have them in Newfoundland right now, and just figure out how much is collected from a town with that type of industry by way of sales tax, gasoline tax, liquor tax that is not being collected now. You will not come up with fifty-one million.....

MR. SMALLWOOD: No one said it did, but it averages fifteen cents into the treasury, as the Budget Speech said, for every worker.

MR. HICKMAN: Mr. Speaker, anyway.....

MR. SMALLWOOD: Fifteen percent, fifteen cents to the dollar.

MR. HICKMAN: When we debated the Shaheen proposal here some months ago, and at that time we were talking about the amount of what the production would be, the various types of petroleum products that would come out of the Shaheen refinery, and I quoted the figure, which I am the first to admit was considerably below that figure, that was quoted by Mr White when he gave his evidence here a couple of months ago.

At that time my figures were based on what the amount of jet fuel that is presently extracted by oil refineries, using the standard type of refining, and the amount works out to about eight percent. Mr. White has told us that with this new innovation, and I believe it is supposed to be the first of its kind on this side of the water at least, that this hydro-cracker installation will be thirty - eight percent gasoline, twenty-five percent jet fuel, heating oils and middle distillates thirty-three percent and the balance will be on refined fuels.

Now Mr. Speaker, obviously this plant is not going to make its way into being profitable and show a profit simply on the sale of jet fuel. My understanding is that, if you set up an oil refinery and you gear your efforts to one particular type of production, that there is where you break even, if you can, or close to it on that production and your real gravy, your profits, the monies that are going to allow you to service the debt come from the middle distillates and come from your middle and light distillates, gasoline etc.

The suggestion is that at this time Mr. Shaheen can sell in bond his jet production, jet fuel production, and this will go into bond in the United States and by the time the plant goes on stream one of two things will have happened. Either the airlines who are now acquiring their petroleum products from existing companies will cancel these contracts and turn to the Come by Chance refinery, or, alternatively, they will increase their number of flights across the Atlantic to take care of this additional production. Some^{way}, or another this is going to be done.

MR. ROBERTS: That is their problem, they have agreed to buy it.

MR. HICKMAN: They have also agreed to buy at the current price.

MR. ROBERTS: No, no.

MR. HICKMAN: Obviously

SOME HON. MEMBERS: No, no, no.....

MR. HICKMAN: They would have to. Now, the hon. Minister of Health is not going to tell me that some reputable airline is going to buy jet fuel from Newfoundland refinery at a price above the going market price in that particular area.

MR. ROBERTS: Hold on, hold on, the hon. gentleman is leaping from a fact, to a conclusion that the fact is not one. Prices of course are set in the contracts just as the price of the crude is set for - I think it is ten years. You know, ten years for the price of the crude.

MR. HICKMAN: But these facts are unknown to these members on this side of the House.

MR. ROBERTS: I agree, but they are known to members of the Government.

MR. HICKMAN: Right.

MR. ROBERTS: Sure.

MR. HICKMAN: There are certain facts that we do know, Mr. Speaker, that last year Kuwait oil entered Canada at one dollar and thirty-seven a barrel.....

MR. SMALLWOOD: I am not trotting off that stuff again

MR. HICKMAN: And posted ocean freight rates added another dollar thirty-seven at ports in Maine. So that if Mr. Shaheen got the very best prices, and I suggest that Mr. Shaheen's bargaining powers would not, quite as great as some - say Shell Oil or British Petroleum or some of the others who are already in business - that if he got the very best, the very best price from B.P. for his crude oil, he would be landing it at Come by Chance at approximately eight cents a gallon.

Then Mr. Speaker, and this is why this is relevant to the question of viability, you have to assume the cost of processing the crude oil as at least another one cent a gallon. At least, at least one cent a gallon, and this is minimum. Then you have to charge off something against that fuel oil - the refined oil and the crude oil for the cost of using the Federal Government's wharf and the ramp. Over and above that you have the tremendous cost, I believe it would work out to \$19 million per year, on account of interest plus nineteen million a year to carry your debt loan, so that Mr. Speaker, the barest minimum price that this product can be landed on the Eastern Seaboard, on an average, would be somewhere between ten and twelve cents a gallon.

Mr. Speaker, the posted prices the Dominion Bureau of Statistics has been giving are as follows;

MR. SMALLWOOD: Now he goes to D.B.S.

MR. HICKMAN: Motor gasoline - the Premier hates facts, he cannot stand facts, they drive him insane, when he hears facts he goes berserk.

MR. SMALLWOOD: Oh I cannot bear it, I go right up the wall at facts, especially facts on this deal from D.B.S.

MR. HICKMAN: Motor gasoline eleven point cents a gallon, eight and one half cents a gallon - no - eleven point cents a gallon for turbo-jet diesel fuel and kerosene, eight and a-half cents for stove oil, nine and a-half cents for heavy industrial and fuel oil, and seven cents for bunker - bunker five cents a gallon and fuel oil seven and a-half.

Now Mr. Speaker, in order to make this thing viable, the Shaheen enterprise, to finance this deal and to meet its commitments, despite the Premier's

adversion to hearing facts. I know how he hates facts, He cannot stand them.

MR. ROBERTS: The hon. gentleman is completely wrong on the cost of crude as it will be laid down at Come by Chance. Completely wrong, just wrong.

MR. SMALLWOOD: Just simply wrong.

MR. ROBERTS: Of course he is wrong.

MR. HICKMAN: There is no question about it, Mr. Shaheen got a far better deal on Kuwait oil than anybody else on the Eastern Seaboard of the United States. Of course he did, far better. He does not have to pay one dollar and thirty-seven a barrel. Everybody else has to pay one dollar and thirty-seven a barrel for Kuwait oil. He does not have to pay one dollar and thirty-seven.

MR. ROBERTS: It is going to be delivered at Come by Chance for substantially less - the hon. gentleman had it landed at

MR. HICKMAN: One dollar, thirty-seven plus one dollar, thirty-seven - two dollars and seventy- seven cents a barrel.

MR. ROBERTS; A dollar thirty-seven and a dollar thrity-seven, that is two dollars and seventy-four, I do not know where the hon. gentleman got his arithmetic.

MR. HICKMAN: Between two sixty and two dollars and seventy.....

MR. ROBERTS: But it will be landed at Come by Chance at significantly less than that.

MR. HICKMAN: Than two dollars and sixty cents a barrel?

MR. ROBERTS: Significantly less than two dollars and sixty cents a barrel, significantly.

MR. HICKMAN: If that is so, Mr. Speaker, and I would certainly not doubt it the hon. minister.....

MR. ROBERTS: If that is not so, then the whole U.O.P. thing, and the Jacob's thing, and you know, not only they have been fooled, the Government of Canada has been fooled...

MR. SMALLWOOD: The D.B.S. does not say that.

MR. ROBERTS: The British Government have been misled, everybody - the whole.....

MR. SMALLWOOD: The Dominion Bureau of Statistics do not confirm this.

MR. HICKMAN: Mr. Speaker, as I say when facts come up

MR. SMALLWOOD: Facts, I hate facts.

MR. HICKMAN: He cannot stand them.

MR. SMALLWOOD: I go berserk at facts.

MR. HICKMAN: That is right.

MR. SMALLWOOD: I go right off the deep end when facts are given me - when D.B.S. facts effect Come by Chance, yes.

MR. HICKMAN: Mr. Speaker, if it were facts that we were concerned about there might be a better and a more prudent use of the money that we are going to have to borrow to create three to four hundred permanent jobs in Come by Chance. All we have - there may be a petro-chemical plant, there may be petro-chemical industries, there may be this and there may be that. Does anybody really think, does anybody in his right mind really think that the people of this Province, having witnessed sod turnings four years ago almost to the day for a paper mill in Come by Chance, having witnessed sod turnings and announcements until they are blue in the face, that they really believe that we could take this risk on this chance that there may be a petro-chemical complex? Why is there not a petro-chemical complex with Imperial Oil that has a 100,000 plant now in Halifax?

MR. ROBERTS: In Dartmouth.

MR. HICKMAN: Why is there not a petro-chemical complex at St. John, New Brunswick where Irving has now gone to 100,000 barrels a day? Why is there not a petro-chemical complex tied in with the new one at Quebec for Golden Eagle? Why is there not a petro-chemical plant at

MR. ROBERTS: Why is there not one at Sarnia?

MR. HICKMAN: Gault?

MR. ROBERTS: While you are talking why is there not one at Sarnia or Point Tupper?

MR. HICKMAN: We are talking about the Eastern Seaboard Mr. Speaker. Yes, or Point Tupper.

MR. ROBERTS: Yes.

MR. HICKMAN: Or B.P.'s new one, or Shell's outside Montreal?

MR. ROBERTS: How about Sparkes in Ontario, or Montreal?

MR. HICKMAN: No Mr. Speaker, it is wrong to say an oil refinery per se attracts

petro-chemical industries, it does not - not by any stretch of the imagination.

MR. SMALLWOOD: Right, right, it depends.

MR. HICKMAN: It depends on closeness to the market, it depends on the demand in the particular area in which that refinery is located.

MR. SMALLWOOD: Right, right.

MR. HICKMAN: That is why Mr. Speaker.....

MR. ROBERTS: None of this is going to be sold in Newfoundland

MR. HICKMAN: Right, Mr. Speaker, and that is why we are considering this proposal, And when we are being asked, with absolute finality, to accept this conspiracy of secrecy that continues with Come by Chance, I do not think before this House there is sufficient information, sufficient facts, indeed anything to indicate that there has been any real change in the lack of information that we experienced during the April session of this House or sittings of this House, when we had that unfortunate episode of two days of no information and pleading law 86. For that reason Mr. Speaker, I for one will not support or vote for this particular Bill.

MR. ROBERTS: Do you want to adjourn the debate?

MR. CROSBIE: Unless someone on the other side wants to speak. I would move the adjournment of the debate.

On motion, debate adjourned.

On motion, the House at its rising do stand adjourned until Monday, at 10:30 of the clock.