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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 p.m.

Mr. Speaker in the Chair:

MR. SPEAKER: Order please! The honourable member of Recreation and rehabilitation.

HON. J.G.ROUSSEAU (MINISTER OF RECREATION AND REHABILITATION): Mr.Speaker, I am pleased to announce the appointment of Mr. Donald S.Johnson to the post of Assistant Deputy Minister of Recreation in the Department of Recreation and Rehabilitation.

Mr. Johnson has served as director of loan and debt management in the Department of Finance since October 1967. Prior to his appointment to this post he served on the staff of the Bank of Nova Scotia from 1949 to 1967. From 1959 to 1963 as accountant in the main office at the St. John's Branch on Water Street and as manager of the Water Street East Branch from 1963 to 1967.

Mr. Johnson has been actively involved in youth and recreational activities during the past twelve years. He served as President of the Newfoundland Amateur Hockey Association from 1964 to 1970 and as President of the Newfoundland and Labrador Sailing Association from 1968 to 1970. At the present time he is Treasurer of the Newfoundland Amateur Softball Association, Treasurer of the Newfoundland and Labrador Amateur Sports Federation and Vice-President of the Canadian Amateur Hockey Association. For the past twelve years he has served as a member of the Board of Directors of the Newfoundland Association for the Help of Retarded Children. He is forty-two years old, married and he will assume his new duties on April 2, 1973.

MR. SPEAKER: The honourable Minister of Tourism:

HON. T.M.DOYLE (MINISTER OF TOURISM): I have a statement I would like to make, Mr. Speaker. I am pleased to announce today that the Signal Hill Military Tattoo will be held again this coming summer. The federal government has authorized the employment through the Canada Manpower Office of some sixty students between the ages of sixteen and twenty-four for an eight week period, from July 5 through August 29. The rate of pay will be nine dollars and forty cents a day and preference will be

given to students who have had some type of military training in the Cadets, the C.L.B. or similar organizations.

The Tattoo will form part of the students' summer employment programme sponsored by the Department of National Defence under the local direction of Colonel W.C. Wilton, C.D., Commander of Newfoundland Militia District and Lieutenant Colonel Norman Bull, Commanding Officer, Newfoundland Regiment.

The Newfoundland Militia will provide instructors to train students and direct and organize performances. In addition to the training for the Tattoo performances, the students will be instructed in first-aid, physical training and organized sports. It is hoped that the first performance will take place on Sunday, July 22 and other performances will be given on Signal Hill eight times weekly at 3:00 p.m. and at 7:00 p.m. each Saturday, Sunday, Tuesday and Thursday, unless prevented by weather conditions.

The Historic Resources Division of my department will provide the uniforms, muskets, ammunition and public address system. The division will also supply meals for the students as necessary and give general support and assistance wherever needed.

Last year, the Signal Hill Military Tattoo proved to be an outstanding tourist attraction.

as over 25,000 spectators attended some twenty performances. This year, over forty performances are planned. Thank you.

MR. SPEAKER: The honourable the Premier:

HON. F.D. MOORES (PREMIER): I would like to make a statement regarding a press release that was issued last weekend regarding the resettlement of the Gros Morne National Park. Development of the Gros Morne National Park on the West Coast of this province has long been characterized by a great deal of confusion and uncertainty. This unfortunate state of affairs was the result of the almost constant political controversy which shrouded the negotiations and the development of the park under the former administration.

In 1970 when the memorandum of agreement relating to the development of the proposed park was signed, the then Progressive Conservative Opposition, along with many members of the press, voiced a strong disapproval of the many stipulations contained in that agreement, including the mandatory resettlement of the hundreds of families from several communities in the park region.

Many people had already witnessed the harmful social, cultural and economic effects of previous resettlement programmes and had recognized the potential danger in continuing this policy. The Liberal Opposition claimed at the time that Ottawa would not undertake to develop the national park at Bonne Bay unless this condition of resettlement were accepted but many Newfoundlanders felt that we might have received a more favourable agreement had the park not been embroiled in a constant political controversy and used to political advantage from its conception.

Upon assuming office, our government immediately set out to determine whether or not this memorandum of agreement might be altered through further negotiations with Ottawa, to reflect more favourable arrangements with the people now residing in the park area. This document had been the subject of intensive study and during the past months we have been successful in reopening negotiations on the

development of the park.

Aware of the havoc created with the park development by too much ill-publicity in the past, we were determined to ensure that these renewed negotiations would not be undermined by political controversy. We viewed the progress of the continuing talks with Ottawa with cautious optimism and we purposely refrained from making any public statements on any benefits which may have accrued from these negotiations until we were absolutely certain that they were indeed fact.

As an example; following the first round of discussions held in St. John's on February 1, we announced that certain boundaries around some of the enclave communities within the park area would be extended. We made this disclosure only after the receipt of federal assurances as to the unquestionable status of this concession. Despite our concerted effort, however, to keep these negotiations and developments above the damaging influence of political controversy and political advantage, we have been hindered in our attempts to do so by the irresponsible impulses of the opposition.

I am referring to a prepared statement which was released to the media during this past weekend by the Leader of the Opposition. In this release, the honourable member alluded to the statements he alleged were made by Federal DREE Minister, the honourable Don Jamieson. The Liberal Opposition Leader stated that Mr. Jamieson had spoken to him some weeks ago and had informed him that he felt his federal cabinet colleagues could be convinced to change their minds on the issue of the resettlement of these communities located within the park boundaries.

The honourable member for White Bay North then stated that Mr. Jamieson had been successful in having the federal government reassess its position and change its mind, thereby allowing the people to remain. The honourable member continued by expressing his great pleasure with the federal government's recent decision to allow

families residing within the park boundaries to continue living in their respective communities.

I can assure the honourable member on the other side of this House that his pleasure would be no greater than our own were this to be true. Unfortunately, however, we are totally unaware of any such federal government decision permitting these families to remain in their homes as of yet. We were anxiously anticipating the outcome of the negotiations with Ottawa in the sincere hope that this, in fact, will be the case. The honourable member's action in making such irresponsible statements to the press and his attempt to justify his interference by alluding to statements by DREE Minister, Mr. Jamieson, can only be interpreted as an attempt to undermine our present negotiations with the federal government in relation to the park development.

We are convinced that Mr. Jamieson made no such statements with the intent that they should be made public, as I know that a politician of Mr. Jamieson's stature would never ignore governmental protocol by issuing policy statements on behalf of the federal government, to the government's opposition in any province rather than to the government itself.

The honourable Minister of Forestry and Agriculture has already spoken to Mr. Jamieson's executive assistant who is unaware of any such statements being made by the minister and my minister has been informed that Mr. Jamieson will be in contact with him shortly to confirm this.

As a minister in the former Liberal Government, the Opposition Leader must accept a share in the responsibility for the agreement which was signed with Ottawa for the development of the park. I can only infer from the release made by the honourable member that he is eager to claim credit for any new concessions as a result of changes to the original agreement and, in his haste to do so, spoke prematurely. This type of gross interference and undermining of our attempts to

achieve the best possible deal for the people of Bonne Bay is inexcusable and is certainly unworthy of the Leader of the Official Opposition.

My Minister of Forestry and Agriculture told me that while visiting his District of St. Barbe South during this weekend, while assuring residents of the communities directly affected by the resettlement question, that a public statement would be issued as soon as there was any concrete result on the matter, he was shocked beyond belief and understandably so, to hear the Liberal Leader state in a matter-of-fact manner that these people would be permitted to remain in their respective communities.

The irresponsible and thoughtless statements made to the press by the honourable member for White Bay North, have resulted in utter confusion and uncertainty being created in the minds of these people living within the park boundaries.

I have here, Mr. Speaker, a telegram from the honourable Jean Chretien, the Minister of Indian Affairs and Northern Development. This telegram is Mr. Chretien's reaction when informed of the statements made by the honourable member for White Bay North and the subsequent news reports carried by the province's media. The telegram reads as follows: "Mr. Chretien has asked me to reply to your telex of March 20, concerning the newspaper article of Saturday March 17, regarding communities within the Gros Morne National Park. No final decision has been taken on this matter and my minister will be in touch with Mr. Maynard before any announcement is made." Signed by D. Bruce Amos, Special Assistant to the Minister, Department of Indian Affairs and Northern Development.

Notwithstanding the confusion the Liberal Leader's statements have created within the government itself, we feel that the honourable Leader of the Opposition has a moral obligation to the people of Bonne Bay and should immediately retract his statements and offer an apology to the many park residents who have been misled by his impulsive

remarks.

I would like now to take this opportunity on behalf of my government and the Minister of Forestry and Agriculture particularly, who unfortunately is unable to be here today, in reflecting my own personal views on this issue, to assure the families in the park area that we are deeply concerned with their future and meaningful negotiations with Ottawa are going to continue and that as soon as any concrete decision is reached these people will be informed directly and immediately.

MR. ROBERTS: Thank you, Mr. Speaker, I must say that this is the first time I have ever heard a statement made on Orders of the Day that amounts to a personal attack against another member.

The statement that I made, Mr. Speaker, I stand behind. The Premier is deliberately and wilfully misrepresenting the statement that I made. He may be doing so on the basis of the reports that were made to him by his colleague the Minister of Mines, Agriculture and Resources, the gentleman from St. Barbe South. The statement which I made said quite clearly that the Government of Canada have agreed to review their position and the position they are reviewing is the position that they did take formerly, namely; that the people living in the five or six communities in that part of the St. Barbe Coast that will be taken into the national park, the communities north of Rocky Harbour, those communities will have to be resettled.

The Government of Canada, Mr. Speaker, have agreed to review their position. That is what I said in my statement. They agreed to do so as a result primarily - I do not deny that the government have made representations as well, publicly and privately and if they want if they want to talk about cheap politics, they might look in their own ranks first. It is not the Government of Canada that is paying Mr. George McLean fifteen hundred dollars a month for a "propaganda bulletin" in the Gros Morne Area. The Government of Canada have agreed to review that position. That commitment was made publicly by the

honourable Jean Chretien in the House of Commons several days or perhaps ten days before I made my statement.

The Premier's attack on me I just shrug off. He is obviously becoming a desperate man. It will be something like his attack on the "Telegram" where he later had an off-day. I suggest that this is one of the Premier's off-days. The fact remains, Mr. Speaker, all of the people in this House are concerned with the fate of the people living in those communities. The fact remains that the administration of which I was a part did accept an arrangement, we accepted it reluctantly but we did accept it and my statement said that. The fact remains that the Premier is deliberately distorting what I said and wilfully misrepresenting it, because the statement which I issued did not say that those people would not have to move, it said that the Government of Canada have agreed to review the position, have changed their minds. They no longer are adamant and that, Mr. Speaker, is a tremendous step forward.

It remains now for all concerned - I think the speech made by Mr. Jamieson here in St. John's on the 1st. of March, on resettlement, was the indication of how their thinking is running and it was an indication of where it is going. I note with some interest that the Premier's statement is not relying on anything said by Mr. Chretien, but rather by his executive assistant. If one looks through the statement

through the telegram sent by Mr. Amos, a special assistant to the minister, he did not contradict what I said. All I can say is that the Premier's personal attack on me is unwarranted, undeserved, unmerited, I have no intention of withdrawing the statement that I made. It is correct. It was correct. It is still correct.

The people of this province will decide for themselves who is trying to play cheap partisan politics with it. I reject the charge. I say the Premier and his colleague for St. Barbe South are trying to - that is what this statement is all about. The statement I made is true, it is correct. Now let the government get off their rear ends and do something constructive and positive to help those people.

NOTICE OF QUESTIONS AND ANSWERS TO QUESTIONS:

The honourable member for Fortune Bay.

MR. EARLE: I wish to give the answer to question number 186 asked by the honourable member for Fogo on today's Order Paper. This is a lengthy question which concerns the Pippy Park but I think I can answer it fairly shortly.

The names of the Board of the Pippy Park are as follows:
T.S.A. Freeman, appointed on November 14, 1972, as Chairman.
Geoffrey Steele, Q.C., appointed October 1 and reappointed February 13, 1973, as Deputy Chairman. Lord Taylor, appointed October 23, 1970, member; Bernard R. Gorman, appointed November 14, 1972, a member; Shamus O'Regan, appointed November 14, 1972, a member; John J. Cochrane appointed February 22, 1973, a member; George H. Matthews appointed January 8, 1973, a member and Gordon Butler appointed January 8, 1973, a member.

The answers to the next seven questions which are concerning remuneration can all be answered with the simple word nil. There is no remuneration, no travel allowance, nothing of that nature

to any member of the Pippy Park Commission.

Answer to question 8, for the fiscal year which began on April 1, 1972 as of current date what is the total number of occasions on which meetings of said bodies have been held? There have been four meetings - December 5, 1972, January 9, 1973, January 26, 1973 and February 13, 1973.

Section 9 - for each member, chairman, vice-chairman or otherwise of said body and for the fiscal year which began April 1, 1972 as of current date, what is the number of meetings which he attended in which he participated during that period? T.S.A. Freeman attended four, Geoffrey Steele attended three, Lord Taylor attended three, Bernard Gorman attended four, Shamus O'Regan attended two, John J. Cochrane attended two, George Matthews attended two and Gordon Butler attended two.

The answer to section ten does not apply.

DR. FARRELL: Mr. Speaker, I ask permission of the House to table the answer to the following question:

Question 119, asked by the honourable member for Labrador North, Order Paper, March 8, 1973; question number 120, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973; answer to question number 121, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973; answer to question number 122, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973; answer to question number 123, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973; answer to question number 124, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973, answer to question number 125, asked by the honourable member for Labrador North, on the Order Paper of March 8, 1973; answer to question number 126, asked by the honourable

member for Labrador North, on the Order Paper of March 8, 1973;
answer to question number 127, asked by the honourable member
for Labrador North, on the Order Paper of March 8, 1973;
answer to question number 128, asked by the honourable member
for Labrador North, on the Order Paper of March 8, 1973;
answer to question number 169, asked by the honourable member
for Labrador North, on the Order Paper of March 16, 1973;
answer to question number 170, (there are a few more to go yet)
asked by the honourable member for Labrador North, on the
Order Paper of March 16, 1973; answer to question number 171,
asked by the honourable member for Labrador North, on the Order
Paper of March 20, 1973; (I should read these all out) answer
to question number 172, asked by the honourable member for
Labrador North, on the Order Paper of March 20, 1973; answer to
question 173, asked by the honourable member for Labrador
North, on March 20, 1973; answer to question 174, asked by
the honourable member for Labrador North, on March 20, 1973,
answer to question 175, asked by the honourable member for
Labrador North, on the Order Paper of March 20, 1973; question
number 176, asked by the honourable member for Labrador North,
on the Order Paper of March 20, 1973; answer to question number
178, asked by the honourable member for Labrador North, on the
Order Paper of March 20, 1973; answer to question number 180,
asked by the honourable member for Labrador North, on the
Order Paper of March 20, 1973; answer to question number 181,
asked by the honourable member for Labrador North, on the
Order Paper of March 20, 1973. Thank you!

MR. ROBERTS: That is by far the best speech the honourable
minister has made all year.

DR. FARRELL: Well we are not quite as erudite as you are, Sir,
or as smart as the Leader of the Opposition but we will handle
the Leader of the Opposition when the time comes.

ORDERS OF THE DAY:

MR. SPEAKER: The honourable member for Bell Island.

MR. NEARY: Mr. Speaker, I would like to ask the honourable Premier when he is going to make a statement on the strike at Come By Chance?

MR. MOORES: No, Mr. Speaker, I am not in a position to do so at this time.

MR. NEARY: Supplementary question, Mr. Speaker, could the honourable Premier indicate to the House when he will be in a position to make a statement on the strike?

MR. MOORES: Hopefully, Mr. Speaker, when it is settled.

MR. NEARY: Anybody can make a statement then, Sir. My two year old baby could.

Mr. Speaker, I would like to direct a question to the honourable Minister of Transportation and Communications, I have been trying to get the answer three days in a row now. Would the minister indicate if it is the intention of his department to extend the deadline for purchasing licence plates beyond the end of the present month?

DR. FARRELL: Mr. Speaker, the answer is no. The last seven or eight years, and we follow the same procedure, in the coming week we will be open in the evenings until nine o'clock and on next Saturday from nine until five. The answer is no, it will not be extended.

MR. NEARY: Supplementary question, Mr. Speaker, would the honourable minister indicate to the House if it will be possible, even opening in the evenings, to issue thirty-five per cent of the licence that have not already been picked up.

DR. FARRELL: Yes, we feel it is quite possible. People have had since January 1 and we feel it can be done in the next week.

MR. SPEAKER: The honourable member for Labrador North.

MR. WOODWARD: Mr. Speaker, I would like to direct a question to the honourable Minister of Recreation and Rehabilitation, if the minister is aware that this morning at a base commander's call, Goose Air Base, that some five hundred people were given notice, five hundred. Out of the total of seven hundred civilians working at the base, five hundred were given notice that they will not have jobs, effective July 1 of this year. Goose Air Base will only be retaining two hundred civilians, I am wondering if the honourable minister can inform the House if these jobs will be filled or if MOT will be taking on the employees that will be laid off by USAF ?

MR. ROUSSEAU: I have no concrete evidence. The request of course is a federal matter and I think that MOT is now negotiating with the people to rehire them. I have had some disturbing rumours as I am sure the honourable member did too and I hope that any postponement of hirings is not going to be held off until the next federal election. I said that in the House when I introduced a private member's bill last year but as I understand it, these people will be going over to the MOT - how long they will be I do not know.

We have made representation to government, I have acted on behalf of the government in presenting the views in a position paper to the honourable Mitchell Sharpe, with copies to the honourable Jean Marchand, with regard to the changeover of

people from the U.S.A.F. to the civilian M.O.T. personnel and with regard to their pension rights. We have been informed this morning, by telegram back this morning - we thought there was some misunderstanding. We wrote, on February 22 actually, our original position paper, and we had acknowledgement from Mr. Marchand on one occasion and we did not know whether he had understood our position. We wired him again and yesterday we received another wire from him. In that the topics we have put forward, as a provincial government in a federal government matter, so that our position would be known in respect of these personnel and would be undertaken by the federal government to study these and they would be considered when they met this morning. Right now we have done what we can do as a provincial government in that we presented our position. Now we have to hope that the federal government will act in the best interests of the people there.

ORDERS OF THE DAY

Motion second reading of a bill, "An Act To Amend The Stephenville Linerboard Mill (Agreement) Act, 1972."

HON. E. M. ROBERTS (Leader of the Opposition): Mr. Speaker, as I said on Tuesday in the few very brief remarks which I made before the debate was adjourned, my colleagues and I very much appreciated the approach which was taken by the Minister of Finance in introducing this bill and in his speech in support of the motion that it now be read a second time.

The Stephenville Linerboard Mill or the Stephenville project, whatever one wants to call it, and by that I mean not just the structures at Stephenville themselves but I mean also, of course, the associated woods operation particularly those at Lake Melville. The term would have to be extended to include the other sources of wood supply.

The Stephenville project is one which can easily lead to very acrimonious and excessively partisan debate. I do not mind

acrimony. I think the exchange between myself and the Highways Minister just shows that each side is capable of acrimony and certainly I would be the last to speak against partisan debate because the very nature of the system of government which we enjoy in Newfoundland (the same system which prevails throughout Canada) is partisan. It involves parties. It involves looking to at least two parties and sometimes more. Nonetheless I think the minister took a good tack. I propose to take the same tack in reply. I do not propose to be partisan. I do not propose to be acrimonious. I think the subject in itself would demand this. We are talking, Mr. Speaker, not only of vast sums of money. The sum of \$220 million, which is the approximate figure of the present estimate of the cost of this project, is a vast sum of money. It is equivalent to the total capital account expenditure of the province for a year. It is equivalent to about one-half the total current account expenditure for a twelve month period. It is an incredibly large sum of money. It is by far the largest sum of money that the government of this province have ever become involved with in respect of any one project. Even the refinery at Come-by-Chance, if one adds in the cost of the wharf, (which is not a cost of the refinery, although it will be serviced by user charges just as the wharf at Stephenville, if it is expanded, will be paid for by the linerboard project through user charges.) to the Come-by-Chance project, adds in everything else, sales duties and customs and what have you, it is still somewhere less than the \$220 million figure we are talking here.

It is a vast amount of the public's money. It is a vast amount on our credit. Even beyond that it represents (I will not say the life's dreams, Mr. Speaker) the life's aspirations of 5,000 or 6,000 of our people. There will be I suppose 800 or 1,000 men employed at the mill in Stephenville when it gets rolling in full production. We have

the employment generated by the woods operations, whether it is at Lake Melville or at other places on the island part of the province. There will be considerable employment there, cutting 550,000 cords of wood per - is that about it? It is about 550,000 cords of wood a year. That is more I suggest than either Bowaters or Price have ever cut at peak. So the deliberations by this House on this project cover a subject that touches upon a very great number of our people.

I would like to make some general comments if I could, Mr. Speaker, and then perhaps move into - I was going to say the bill itself - the bill is relatively simple. There is one effective clause. There are the usual preambles and whereases and now therefore be it enacted, but it has one effective clause.

Let me first say just what the bill does, Mr. Speaker, because on the surface it is misleading. I am not saying that anybody is trying to mislead the House. That is not it at all but if one reads just the bill before the House, Bill No. 63, "An Act To Amend The Stephenville Linerboard Mill (Agreement) Act, 1972" one does not get the full picture. The additional amount authorized by this bill is \$40 million. It changes the main act, the 1972 Act, it changes a reference to a \$50 million amount to \$90 million. There is one other change, Mr. Speaker, which I think should be drawn to the attention of the House and to the people because some words are being added. "The Ninety Million Dollars (\$90,000,000) will not include any money paid by the Crown under the principal agreement or any agreement made pursuant to section 5" again of the main agreement. Now that is a change. The original bill, put through a year ago, section 7, subsection 3 had no reference at all to the exclusion of the amounts paid under the principal agreement. What are those amounts? Well those are the amounts in the main to be paid to the Javelin Corporation, the maximum of \$5 million, as a handout to them. Well it was the price the government paid and

Mr. Roberts.

claimed they had to pay to get the agreement, the \$5 million. In addition, as Your Honour will recall I am sure, the main agreement authorized payments of various amounts to the Javelin Corporation if they could prove monies had been expended by them necessarily and properly on the project.

The minister told the House on Tuesday that something like \$6.5 million has been paid over to the Javelin Corporation or Corporations for those reasons. In other words this clause, if accepted, as I have no doubt that it will be, (thirty-two out rate) will allow the government to spend up to \$96.5 million and that may go even higher because, of course, the amounts authorized by the agreement - the agreement ratified by the previous act, Mr. Speaker - those amounts can go far higher than \$6.5 million. The minister has told the committee or the House, Sir, that the government do not intend to pay any more but of course he went on and quite properly to point out that there are arbitration provisions. The Javelin Corporations may not accept the government's decision of \$6.5 million as the final settlement in which case they can appeal using the arbitration provisions agreed between the parties. The arbitration, of course, is binding in this case and if the process result in the award of more money to the Javelin Corporations then, of course, the government, Her Majesty in right of Newfoundland, has no recourse but to pay it. That was sort of an open-ended clause and we are now being asked really to make it even more open-ended because if an arbitration award \$50 million, the government would not have to come back to the House for authority to spend that money. As I read the act (and I could be wrong because I have not had time to study it in great detail and I have not had the advantage of the law officers of the crown

I have not had the advantage of the lawyers of the Crown to brief me and to give me legal advice on the point. I certainly put forth no pretensions to being able to advise myself on such legal matters) as I read it though the government now have, when this bill becomes law, as it no doubt will, an open-ended power in respect of monies paid under the main agreement to the Javelin Corporation or any others. I am not sure whether, for example, such payments as those to McAlpine are covered under that exception clause or not. Perhaps the minister could tell me, because I confess I just do not know. Does the minister know off-hand?

MR. CROSBIE: Inaudible.

MR. ROBERTS: No, but were they included in the \$50 million or not?

MR. CROSBIE: Inaudible.

MR. ROBERTS: All right then the \$90 million which excludes amounts paid under the main agreement, would it be \$90 million in addition to any amounts paid to McAlpine? What I am trying to get at is exactly what we are being asked to do? We are being asked to approve far more than \$90 million, \$40 million in addition to \$50 million.

MR. CROSBIE: All you are being asked to do is to approve \$90 million.

MR. ROBERTS: Well why then do we exclude monies payable by Her Majesty under the principal agreement? I said payable, not paid. But this goes back to the original agreement, it amends the original agreement under which additional monies have been paid, at least \$6.5 million.

MR. CROSBIE: I will have to check with the draftsman to make sure myself.

MR. ROBERTS: Well if the minister could check it, I do not argue with paying the money, I mean the agreement is law and it has to be paid. But as I read the agreement, the agreement as amended, Mr. Speaker, the government of this province will be authorized to put into this project \$90 million in addition to any monies they have paid under the main agreement itself. Now under that agreement we know, the Minister of Justice might check on this, that they have paid \$6.5 to Javelin. I am not saying it is improper, it is not. We put forth our view that it was bad policy to pay the \$5 million but that was not accepted. The law says the \$5 million can be paid or up to \$5 million, presumably most of it has been paid.

So this bill authorizes at least \$96.5 million in expenditure, an increase of \$46 million and in addition, Mr. Speaker, it leaves completely open the amount of the money to be paid under the original agreement. I do not know how much liability may exist there, perhaps the government do not know, of course they cannot predict an arbitration, what would be the outcome of arbitration.

But I think the point should be made, Mr. Speaker, that the government are asking us in this for an open-ended amount in respect of the amounts payable and again, that is payable as of the time of the original agreement, under the original agreement by which control of the project was bought by the government from the Javelin Corporation. In addition to that they are asking for authority to spend up to \$90 million, it was \$50 million, so that is an increase of \$40 million.

I make that as a preliminary point, not because it is unimportant I think it is supremely important. I do hope the minister in closing or the Minister of Justice or perhaps the gentleman for St. John's East who is not only a learned member but has been involved, as I understand, in the government's involvement with the Stephenville project, one of them may make this clear. I may have misinterpreted the bill I do not think so, but I may have. If I have not, then the ministry should make it clear that they are asking for authority to spend an extra \$46.5 million. That may have not been their intention, in which case of course they can amend it.

Anyway, Mr. Speaker, that is really all about what the bill does, it increases the amount the government can spend and as I have said, as I read the bill in connection with the original act, it increases it by \$46.5 million with the possibility of far more; not by \$40 million, period.

Mr. Speaker, one year ago, well it was less than a year actually as the debate in the House, as I recall it, was early in June. This is March so we had less than ten months ago the government came into the House and brought in their legislation to enable the government to purchase the Stephenville Linerboard Mill and the whole project. The legislation in a

sense was ratifying un fait accompli. The government had already decided to do this and had so announced, indeed they announced it during the election campaign, near the end of the campaign, a large meeting held in Stephenville, I believe St. Kevin's Auditorium, the large hall in Stephenville, Your Honour in another capacity may have heard of that meeting.

So they came into the House and it was a nasty debate, it was acrimonious and it was partisan, it was bitter and there were accusations thrown around and lots of loose talk but I suppose that was understandable, the project involved large sums of money, it was a very emotionally-charged matter. Anyway the government came in and they said in effect that they have taken the decision to buy this project, indeed that was not such a big decision because, as the minister explained yesterday and it was well known before, most of the money in it by that stage was government money anyway. They did put up \$5 millions for the equity, I have never heard of the equity of a bankrupt company being worth anything, but they did do it.

But really what they were saying, Mr. Speaker, was that they took the decision to finish the project. We did not quarrel with that decision then and I do not think I can quarrel with that decision now. I do not propose to quarrel with it. I am not in possession of all the information, indeed the more I consider what the minister told us on Tuesday, the more I realize that while we were given in the House a very great deal of information, we were given remarkably few explanations. The minister perhaps in closing could remedy this. I shall try to ask a number of questions that I think should be answered, should be dealt with. I am sure the minister will do the best he can (and that is usually very, very good) to deal with these.

Anyway the government came in and they asked for authority to finish it. The House gave them authority. Indeed I think it was accepted by all members of the House, Sir, I do not think that the opposition side, my colleagues and myself, opposed it. Now at that time we were told, the House was told, the people were told, that the cost of the mill would be \$159.4

million. I am referring to the minister's budget statement of 31st. May, 1972 in which there is a fairly detailed breakdown, mill construction, woodharvesting equipment, etc. etc. etc. It seems to be quite complete. I have no doubt that at the time it was complete. That was the 31st. day of May, Mr. Speaker, and we were told that it would cost \$159.4 million. There was no mention anywhere in this that there might be a substantial escalations in cost. It did say that the consultants (I am reading now from page 69 of the minister's statement, the heading called "Financial Situation Of The Stephenville Project"). "The consultants are also working on a refinement of capital, operating and cash flow projections for the next several years. This analysis will give us a more reliable assessment of the overall financial situation." Then it goes on "the revised estimated costs of the Linerboard Complex are as follows." The word "estimated" is in there.

I think, Mr. Speaker, anybody looking at this would realize that this was not necessarily the final cost. I mean a one per cent error on \$160 million. Your Honour, is \$1.6 million. It is pretty hard to get a firm estimate at any time from something like this. Nonetheless the people in Newfoundland were told that \$160 millions would bring it into production because included in this amount are the pre-start up costs, the working capital for inventory and receivables, the finished products inventory all of that is included.

Now the next thing we heard was one evening in the House the Premier, in one of his rare and unfortunate interventions in debate, said that the cost had gone to about \$180 million. I have not got the Hansard references before me, but it was about \$180 million. I think I am quoting him correctly. I rose on orders the next day and asked the Premier and the Minister of Finance what was the cost of the project? What was it going to be? The answer was not really very informative. As I recall it, the Premier said, "Oh well, there have been increases." I think he used the \$180 million figure. The Minister of Finance got up and said, "Well, the Premier was as right as Preimer's always were, but really there has not been much of an increase."

So there the matter remained, rested.

The next indication we had, I believe it was in January, the minister made a statement through radio station CJON, a tape, sort of talk into the telephone, they tape it and play it on the news the next day,

Mr. Roberts:

a taped statement saying that the cost had gone something over \$200 million. If the minister want it, somewhere in here I have a note of the date of that statement but I think he will recall having made it.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Well, the minister may have been mixed up but I mean the people of Newfoundland are mixed up and that is the point I am trying to make, because the cost of this thing, Mr. Speaker, we were told on Tuesday, has now gone to \$220 million.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: No, I will come to that. That is not the construction cost it is what we are going to be on the tab for as far as we now know and again I will come back to that.

So that really is the first question I have for the minister. Let me make it generic. Will the minister table for the House and so the people of this province, well after all they are shareholders of this, can see it, will he table the financial statements, detailed financial statements of what this thing has cost us up to now or to finish? I honestly do not know because the information the minister has given us still does not give me a complete item. He has given me some notes in his own hand, that it will cost \$6 million additional this year to complete the project, but it is nowhere in the information which has been tabled and I do not think the minister gave the figure on Tuesday. I may not have heard it but I do not think he gave it. What will it cost to build this mill? What is it going to cost?

We were told \$100 million, mill construction at Stephenville. That was the figure as of May 31 by which time the government had been the government for all of February, all of March, all of April, all of May, for four and a-half months, and it was two months after the election in which they were returned with such a handsome majority. We were

told that it was \$100 million. Now that was the construction of the mill and there are other costs which were listed and would have to be considered as well, the pre-start-up costs including interest during construction, the working capital including the wood inventory and the receivables and the finished products inventory and again those will be present. Those may or may not have escalated.

But will the minister give the House, Sir, a full financial statement? In addition, I wonder if the minister would table for the House the feasibility studies, because we are dealing with two separate figures here, Mr. Speaker. The first is we are dealing with the cost of the mill and I do not know what it is. I really have no idea what it will cost to construct that mill. It may be \$110 million, it may be \$150 million or it may be \$105 million, I have no idea. But if the minister could perhaps give us that information. Then we are dealing with the second question, Mr. Speaker, and that question is what is it going to cost to bring it into production and keep it going. There the figures the minister has given us are a total of those two costs, as far as I can figure it out. I do not claim to be either a mathematician or the son of a mathematician, Mr. Speaker, but as near as I can figure out the \$223 million figure which the minister has given us, and this is what he claimed it to be he did not misrepresent it or mislabel it, that figure represents the amount the people of Newfoundland will have invested in the project by the end of presumably calendar 1976 or possibly the fiscal year ending March 31, 1977.

So I ask the minister if he will table a statement of the costs of construction, if he will table statements of the cost of start up including interest during construction, if he would perhaps table statements of the amounts that have been invested in the inventories and also statements of the amounts that are going to

be in the wood harvesting equipment and the related facilities. Would he also table, Mr. Speaker, the other side of the balance sheet, the other side of the profit and loss statements, as we have not seen them. What will this mill earn? I realize the minister may not know and I do not blame him for that but would he tell us what it will earn. One makes reasonable projections and the minister doubtless has them and presumably that is what Kates, Peat and Marwick have been doing with the mill - working up profit and loss statements and balance sheets at various points and time. If the plant produces "X" hundred thousand tons a year and it sells for "\$Y" a ton, it will produce so many millions in income and then out of that has to come commissions and the various operating costs leaving a certain amount of money, well that must go to service the debt and so forth.

I am sure those figures are available and I think it will be very useful to the House and to the people of this province to have them. So perhaps the minister could table them. I do not see how they would be confidential or secret or anything else because after all we are the shareholders, we the people of Newfoundland are the shareholders of this operation, Mr. Speaker, and we are being asked to pony up substantial amounts of cash and I think we have the right to know what our money is gone towards and where we shall get some money back, enough, though the thing will operate at a loss. The minister might also indicate the sorts of losses he envisages because again nowhere in these figures, Mr. Speaker, nowhere in these figures or as I heard the minister's speech and the press reports which I read did he indicate, \$223 million is what it will cost up to 1976, what will have come in, if anything, against that.

Well, the minister shakes his head and says nothing, but that is the problem; I do not know. I do not doubt his word but the thing will have sold some products by then -

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Well, this is what we need to know. I mean in reasonable detail, I am not a mill manager and I do not want to know the sort of things mill managers would want to know but I think we are entitled to know. After all if it produces 300,000 tons of linerboard a year at \$150.00 a ton that is \$45 million by my quick arithmetic. The member for Labrador North is the only one on our side who deals in those sums, is that a right figure?

MR. WOODWARD: On a day-to-day basis.

MR. ROBERTS: On a day-to-day basis and I do not know about linerboard but what is linerboard selling, for \$160.00 or \$170.00 a ton now?

AN HON. MEMBER: In that area.

MR. ROBERTS: In that area and the mill will produce in full production about 320,000 to 350,000 tons a year. Indeed I believe it is designed for 100,000 tons per day. The minister has told us that it will be a most modern, sophisticated, effective industrial facility and that means it could produce at least 350,000 tons a year. Well 350,000 tons at \$170.00 a ton is \$35 million and another \$24.5 million is nearly \$60 million a year, My arithmetic, if it is wrong, will doubtless be set straight, but it is \$60 million a year. Well, is the thing going to gobble that much up in operating costs? I do not know. All I am doing, at this stage at least, is asking.

Now, Mr. Speaker, another point on which we would like, please, some information and some explanations is what happened to delay the start-up date? I do not know when a mill is officially started up but the minister's budget speech which was trotted in here with such glee and such panoply and such pomp and ceremony said (and I am reading from page sixty-eight) "1,000 tons per day kraft processed linerboard, mill is expected to be completed and ready for production in late October, 1972. The mill itself is progressing favourably and is nearing completion. It will be a most modern, sophisticated, effective industrial facility. It should be noted

that start up does not imply that the facility will immediately be producing 100,000 tons of quality product per day. Industry experience indicates a period of running-in when quality could well be sub-par and consequently revenue per ton low."

Now I do not know if the mill has started up or not. The minister tells us it has produced about 6,600 tons of a form of product but that may or may not constitute start-up.

MR. CROSBIE: 7,484.

MR. ROBERTS: 7,484 as of when?

MR. CROSBIE: As of today, I guess.

MR. ROBERTS: Oh, that was early today. It may be up to 7,486 or 7,487 now.

MR. CROSBIE: No, as of yesterday.

MR. ROBERTS: As of yesterday. Well, it is producing something so presumably it has started up. It is not yet producing anything -

MR. CROSBIE: (Inaudible).

MR. ROBERTS: Okay, but I wonder if the minister could address himself in his reply to the sort of - I mean what happened? The Premier announced it would start in January but his record of prediction was a little weak as it often is but it was sometime in February I think that the minister issued a statement that announced the first product had been produced out at Stephenville. Well, let us give them October, give them November and we still have December, January, we still have two months delay. The thing is it is costing us immense sums of money in interest and any delay costs the people of Newfoundland a lot of money.

I wonder if we could have a quorum call, Mr. Speaker, please. There are only eight on the other side.

MR. SPEAKER: We have a quorum.

MR. ROBERTS: Thank you, Mr. Speaker. I feel it is an

important subject and one worth the attention of our elected representatives. One only needs fourteen of them. There were eight. I am glad to see them back now.

Now, Mr. Speaker, let me turn to one or two of the subsidiary points in this. The minister has obviously gone to try to get some information. Good. Let us look at the wood costs in Labrador. These now, the minister tells us, are estimated to be seventy-five dollars per cord of wood. He tells us that on the Island of Newfoundland comparable wood is being produced for about forty-four dollars a cord.

Mr. Speaker, I wonder if the whip is at his work again. I appreciate that. Thank you.

Now, Mr. Speaker, as I said the wood in Labrador is seventy-five dollars a cord. It is forty-four dollars a cord here.

Mr. Speaker, the rules do require fourteen and the gentleman making a quorum call does not have to stay in the Chamber. I wonder if we could have fourteen on the government side, please. After all, it is a government bill. It is authority to spend \$46,000,000. Well, let us have another quorum call, Sir. We will keep them here.

Mr. Speaker, our quick counting clerk is at it again. I hope he is quicker at - Mr. Speaker, do I have the right to be heard in silence? Would Your Honour be good enough to ask the gentleman from the St. John's East Extern to observe the rules as best he can? No, I am sorry he is doing the best he can. Could he observe the rules?

AN HONOURABLE MEMBER: Inaudible:

MR. ROBERTS: No, Mr. Speaker, I do not have a good audience. I have an audience but it is not a good one. It is composed of the other side. I do not appreciate them at all but I am glad that they are here. They are all asking authority of the people's House to spend forty-five or forty-six million dollars which is worth a little time.

Now, will the minister please in his reply tell us why the wood costs are so high in Labrador? Labrador is difficult country in which to log, I should think. It may be difficult country from which to ship. All

of that is true but all of this is not new. Is it unavoidably high? Can it be cut down? Now, my colleague from Labrador North will be having something to say on this. He has immense practical knowledge particularly of the shipping end of it but also of the general situation in Labrador. Was the operation carried out efficiently by Forestal? It may or may not have been, I do not know. I heard the minister say that he was not terribly impressed with the Forestal operation there last year. That is the first time that I heard that statement but I do not think that I am misquoting the minister.

AN HONOURABLE MEMBER: Disappointed, Sir.

MR. ROBERTS: Disappointed, I am sorry. Apparently that was the word. Well, all all right so Forestal, the great experts who were brought in - and I am somewhat amused to learn that experts can goof, that they are not the answer to all the problems of the world - but the experts who were brought in have been disappointing. So be it! What can be done about this? Is it the experts or is it inevitable? Is it in the nature of the operation?

Well, my colleague, who has lived in Labrador North for about twenty years now, is a very practical man and I mean that. Your Honour is bemused. I mean it. My colleague is a very practical gentleman. He knows the shipping business intimately. Indeed every cord of wood, I suppose, shipped out of Goose Bay the year before last was handled by his firm, the big stevedoring firm there in the Terrington Basin in Goose Bay, big shipping operation. All the CN freight and all the private freight coming in is handled through the operation there. All the U.S.A.F., all the stuff they bring, millions of dollars of, thousands of tons, all handled by them. Pretty good for a fellow from Wild Bight. I think he should be very proud of it.

Now, Mr. Speaker, if the gentleman from St. John's Centre will contain himself if he can, will the minister tell us is there a future for this woods operation? Maybe we do not know yet. Maybe it will be a year or two before we know, but will he tell us what he knows about it.

What does it look like? Is there a possibility? Is there an opportunity? It is terribly important. We heard on orders today that the men have been given their lay off notices at the base. There were 500. There are about 200 left. I understand from what has been said outside the House and in the House that most of these people will be taken on by the Ministry of Transport. That is another subject. We want to be sure of that, of course.

The three or four hundred jobs that are created in the woods operation together with the multiplier, the jobs that resulted as a result thereof, is a very important factor in the whole Goose Bay, North West River area. I may add as well, Mr. Speaker, it is terribly important in the districts from which many of our loggers come, in the areas of St. Barbes North and St. Barbes South and White Bay North and Labrador South and Twillingate and Green bay, the areas where live the people who have traditionally made their living logging. Many of these people have gone down to work in Goose Bay. Of course, this has its beneficial economic effect throughout those areas as well. What I am saying, in a sentence, is that if the woods operation goes out of Lake Melville it will be a very serious blow to Lake Melville, possibly not a death blow but possibly a staggering body-blow and certainly it will be a very serious blow, not quite as serious but a very serious blow to the other parts of the island.

While the minister is on the woods operation, I wonder if he could tell us - and I am very perplexed about this - a little of the role of the Henderson Lumber Company. I have only had two acquaintances with this company. They are a reputable company, a Montreal firm, Henderson and Company, based originally, I believe, on P.E.I. They have been in business in this province for a number of years buying pulp and shipping it for export. There were two firms, I believe, in it, Trans-Trade Limited run by a very large gentleman named Mr. Rudy Lombard who since died. They have been in the export business.

Within the past year apparently Hendersons have gone into the business of buying wood in Newfoundland for sale to Labrador Linerboard.

I find this an unusual situation. It may be an inaccurate report. All that I know are two things. First of all, I rang one day to the officials of the finance department and said, "I have a query from a"- Mr. Speaker, I have a good voice but to try to out-shout those in the lobbies is too much. Thank you. I thank the gentleman from Green Bay quite sincerely. They are welcome to come in and stay in, do as they want. I would rather the honourable gentleman left the room than do whatever he wants to do in here, because if he does it he will have to clean it up. Now, if the honourable gentleman wants to go and smoke, let him go and smoke. It is not good for his health but it may be good for his morale. Mr. Speaker, I rang the finance officials and I said that a constituent of mine would like to sell some wood to the linerboard mill, I hear that they are buying it. Can they see somebody at Stevenville? They gave me the name of a person and I made some inquiries and lo and behold that person was on the payroll - his name was Janes, as I believe it, I do not have the initials here - was on the payroll of Henderson Lumber Company and there he was in Stevenville buying wood for the mill.

Similarly in Main Brook, in my constituency, the council there have a letter - I have a copy of it - from the Henderson Lumber Company offering to buy wood which they would then sell to the Labrador Linerboard Mill. Now, I find this a curious proceeding. I do not find it curious that wood is being bought on the island. The minister told us yesterday that it has got to be bought on the island. Indeed we knew it six months ago, that substantial sums of wood were going to have to be found on this island. That may have serious implications for any proposal to build another paper mill.

What are Henderson Lumber Company doing anyway? Do they have some sort of an arrangement with Labrador Linerboard or with the government to buy wood? If so, what do they do for it? Are they merely brokers in which case they get a few dollars a cord essentially for buying and selling? If so, should they be doing that? Are Labrador Linerboard not capable of having a buying operation? What about Port Hope Simpson and Cartwright? That wood went to Henderson as well,

did it not?

AN HONOURABLE MEMBER: Where does Trans-Trade fit into this?

MR. ROBERTS: Well, Trans-Trade are not, to my knowledge are not
in it.

MR. ROBERTS: They had been buying wood for export, I do not know if they still are or not. Edgar Baird in Gander used to do a lot of wood. Well maybe our -

MR. DOODY: They sold some of their stockpile of wood.

MR. ROBERTS: I see, but they did not buy any wood.

MR. DOODY: Not to my knowledge, they may have.

MR. ROBERTS: Okay then, I thank the minister. But we know that Henderson bought wood at Port Hope Simpson, from Edgar Penney was it?

AN HON. MEMBER: They bought that wood in Cartwright.

MR. ROBERTS: Then they bought the wood in Cartwright, that was an LIP project, The Sandwich Bay Co-op, I am sorry. They bought that wood and then they bought other wood around the island. They tried to buy wood in my district. As far as I know, they are not buying any wood in my district. But what are they doing? Do we need them? The prices being paid are very low. The prices being paid in Cartwright and Port Hope Simpson were quite low and the natural suspicion is that this firm is making a few dollars out of the backs of our people.

Now there are enough costs being built into this project without that sort of thing. So perhaps the minister could tell me what Henderson Lumber Company are doing or if they are doing anything? But as I said, I have good cause to believe they are doing something. Who hired them? What are they doing? How much are they being paid? What service are they performing and are they necessary? Can we dispense with them and perhaps merely have our own buying operation in Labrador Linnerboard? I do not see any reason why not. I do not see any reason at all why not.

Now, Mr. Speaker, let me say a word about employment. Here I mean employment at the mill and it is a sore subject with the

MR. ROBERTS: minister and not out of deference to him but propose to go into it too deeply.

The House is aware that about one year ago, maybe longer, there was formed a committee called The Bay St. George Elected Representatives' Committee, As I recall it, that committee has on it, in addition to people representing Labrador Linerboard and I think people representing McAlpine who were the main contractors at the mill site, had on it either the mayor or a representative of the Town of Stephenville, the Town of Stephenville Crossing, the Town of St. Georges, and the two community councils out on the peninsula, Port au Port East and Port au Port West.

That committee, as a joint committee of the elected representatives and the representatives of the mill project, ceased to function, shortly thereafter. I do not have the date on which they ceased to function, but shortly thereafter the Town Council of Stephenville, on November 17, wrote to the Minister of Finance, and it was addressed to the honourable gentleman.

"Honourable Sir, On November 16 (the night before)" a special meeting of the municipalities of Bay St. George was held in Stephenville. In attendance were the mayors who are Richard Macdonald from St. Georges, Richard O'Keefe of Stephenville Crossing and Mrs. Jean Fowler of Stephenville, Edward Green from Port au Port East and Mr. Earl Hunt from Port au Port West.

"This meeting was called for the express purpose of discussing the hiring practices at the Labrador Linerboard Limited and the fact that it is not in keeping with the understanding given our liaison committee.

"At this meeting, it was proposed, moved and seconded, that our government officials be contacted immediately, bringing this matter to their attention and requesting that a meeting be arranged with the committee.

"On behalf of this committee I am hereby submitting their wishes to your office with the request that you would arrange to meet with us at your earliest convenience. It is our wish that this initial meeting be held here in Stephenville if possible and without the presence of any other parties whatsoever." That is signed by Mrs. Jean Fowler, the Mayor of Stephenville.

The minister responded to that in right smart fashion. He went out to Stephenville on November 22, which was a Wednesday, met with the committee who had sent this letter. He issued a long statement following it. I do not propose to go through the statement because I think it is familiar to the members of the House. The gist of it was that there had been some serious mistakes made in the hiring of people at the mill and that action was being taken to ensure that these mistakes were not repeated.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: All right, I do not insist on the word serious, but I think it is common ground, there were mistakes made in the hiring. The people in the Stephenville Area, including their federal member, Mr. Jack Marshall, the member for Humber St. Georges St. Barbe certainly felt they were, and I am not quoting Mr. Marshall or anybody else when I say serious but the people there felt they were serious.

That was in November, Mr. Speaker -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: No, I do not think he was at the meetings.

The minister's statement is not dated, but it was a week or ten days, judging from the internal evidence, after the meeting of Wednesday, November 22, so it was early December.

There the matter rested and apparently had been set straight. The only problem is, Mr. Speaker, that the people speaking through their elected representatives and the only people with whom I have

had any contact on this are the elected representatives, the people there are not satisfied, Now whether they should be or should not be, I cannot say.

The minister made a statement in the House here, maybe three weeks or a months ago, and subsequently let me have and let other have, a list showing every person who had been hired at the mill site since November 22, since the meeting. The purport of the statement was that most of them had been residents of the Bay St. George Area. The people there are still not satisfied.

MR. DOODY: There is not way to satisfy them.

MR. ROBERTS: Well the minister says there is no way to satisfy them, I do not know that. I would suggest as a reasonable means of satisfying them, either they are right or they are wrong, if they are right, further action should be taken and if they are wrong, the matter should end.

MR. CROSBIE: I will take note of it.

MR. ROBERTS: The minister is taking note of it. That is good.

Now may I suggest that the minister consider the advisability of setting up somebody to have an independent look at this hiring operation, not at the operation of the mill, that is another story. But the fact remains that the people in the Bay St. George Area, speaking through their elected representatives, (I have not made a survey, I have not made a canvas, I have not spoken to people except on this point on the elected representatives)

they are firm. . Even after the minister's statement here a few weeks or a month ago, they are still firm. So can we have an independent enquiry that will prove the people either right or wrong and it will set the matter at rest. Then if it is shown that there is no cause for concern, then there need be no further debate but if it is shown there is cause for concern, then there should be further debate.

People out there have not come to me and let me make

this clear because there has been a base canard perpetrated against the Mayor of Stephenville and other members of that committee. It has been put about that they came to me. I do not know what they said in meetings other than with me. I do not canvas and I do not follow and audit all of their statements. It has been put about that they came to me and said they wanted people laid off. This is not so, nothing like that was ever said at any meeting I attended or any conversation I ever had with any of those people.

The people who are on, even if they were hired in error, for example Mr. Hugh Kerr's two sons, boys nineteen and twenty were taken on. He was the project manager for McAlpine. His two sons were taken on. Fine, I do not begrudge the young fellows a job. But there are many people in the Bay St. George Area who feel that they should have had a crack at that job and it is terribly important that not only is justice done but that it be seen to be done. There is no suggestion that anybody be fired but there is a suggestion that if there are still errors that they be corrected.

So I make the request. I do not make it in any partisan sense. I am not trying to be heated about this, I merely make the request that the minister consider setting up an independent committee, perhaps he might hire an accountant or a lawyer or a practical person from St. John's or Gander or Grand Falls somewhere, Corner Brook even, ask them to go into Stephenville and let all parties come to them and state what they wish, Give a gentleman power to see the employment records of Labrador Linerboard as they are relevant to this and then the gentleman could make a report and we would know where it stood. But I think the people in the area are owed this, Mr. Speaker. It is not their mill.

It belongs to all the people of this province but nonetheless, it is there in their community, it is the life blood of their community. If that mill ever closed, Stephenville would be in a disastrous state. So they they have a good reason to be concerned and so do the people living out on the Port au Port Peninsula and the people living around Bay St. George generally. Then the people in Goose Bay as well but that is a separate - I have heard no complaints there about the hiring except that they are not able to get enough men - story. I ask the minister if he will consider setting up an independent enquiry and then we will get to the bottom of it.

Now there is another minor point and one which I would like the minister to speak on if he would. I am told that there are very heavy subsidies being paid in rents, that people employed at the mill, senior management, presumably, are being paid adequate salaries, are having rent subsidized at housing accommodation either on the base or some of those new houses that were built. I think the minister may have referred to this obliquely yesterday when he said that the costs of those new houses were high. I would like to know how much the rent is. If it is economic, no question. If it is below economic cost, what rents are being paid? What are the standards? Who decides how much of a subsidy one gets? What are the subsidies in total? Who is getting them? I am not so much concerned with the names. Are there one hundred, one thousand, are they management, are they workmen, who are they? I think if we could have, assuming there are subsidies, the total amount that has been paid out in subsidies.

Now, Mr. Speaker, let me turn now to this question of the sale's contract. The Rand Whitney Company, when it was announced that they were coming here, were a new name to us - not the name Rand Whitney, that was familiar because it is a fairly large corporation. There is a corporation by that name but it is not the one in question here. It is not the one at all. I quite candidly did not know what sort of company

a deal had been made with. I knew there had been much "toeing" and "froing." I had heard certain references to the MacMillan Bloedel thing and subsequently the "Financial Post" in their issue of December 2, 1972, had quite a long story on it. I sent off to Ottawa, because this is public information, to ask what could be found about Rand Whitney, the Rand Whitney Container Corporation. The information I have comes from the Department of Industry, Trade and Commerce, from the general director of the Wood Products Branch. It comes with the compliments of the Wood Products Branch. Of course, it is written on paper, being a wood product.

It is dated November 22, 1972, Status report Rand Whitney Corporation, Worcester, Massachusetts. The President of the operation is Mr. Jacob Haitt, the Vice-President is Mr. Robert Kraft. It says here: "Rand Whitney (and Rand Whitney are a party to the sale's contract, indeed they guarantee the performance of International Forest Products Sales Corporation) " Rand Whitney is a holding company with annual sales of approximately \$10 million, according to information published in current directories. Subsidiary companies are as follows: (1) Rand Whitney Container Corporation, manufactures corrugated containers and folding cartons with 211 employees and annual sales of approximately \$6 million; (2) Rand Whitney Packaging Corporation employees approximately 350 people and lists annual sales at approximately \$9 million to \$15 million." In other words they are fairly small companies even, I suggest by even Newfoundland standards. There must be twenty or thirty companies in Newfoundland that do more business than that on any standard one measures, employees, turnover and what have you. I was talking to an electrical contractor the other day (I met him at a fraternal organization and I do not mean the Liberal Party) who tells me that he is going to have between 300 and 400 men this summer because he has a lot of work on the go. My colleague from Labrador North had far more men than that working for him in shipping and in his various

oil supply operations. It is not a large operation. That is the Rand Whitney Corporation and the people with whom we have made a deal. I am sorry. It is the Rand Whitney Container Corporation who are the people with whom we have made a deal. They have 211 employees, annual sales of approximately \$6 million. They manufacture corrugated containers and folding cartons.

"International Forest Products Corporation," reading from the document given to me, "this firm is not registered with the Department of Consumer and Corporate Affairs or with the Government of Newfoundland." I assume by that one means the Registry of Deeds and Companies downstairs here; "similarly it is not known in the Canadian Pulp and Paper Association or the Technical Association of the Pulp and Paper Industry in the United States. It is not listed in recent issues of Canadian or United States Trade and Financial Directories.

"According to officials of Rand Whitney Corporation, there is a connection between their firm and International Forest Products Corporation but they are reluctant to provide any specific details at this time. It is understood, however, that International Forest Products Corporation is a recently formed company which is not public, which has the same stockholders as Rand Whitney Container Corporation."

Now what I would like to ask the minister, Mr. Speaker, is if he could tell us please who are the principals in Rand Whitney Container Corporation and in the International Forest Products Corporation. Who are they? I am not saying that there is anything wrong with it, I hope there is not. I believe there is not. I want to know. It is a strange situation. We have a company here that has never apparently been in this business. Now I do not like that statement entirely. Of my own knowledge, I rely on the "Financial Post" which headlined their article of December 2, with "Untested U. S. Firm Gets Newfoundland's Sales Deal. Rand Whitney" (I am reading from the article, Mr. Speaker) "is a small and until recently a little known New England Packaging Company that has ties with the family and advisers of the late

President John F. Kennedy." This company out of all the companies in the world is given an exclusive contract for a period of four years to sell about \$60 million a year in products. If they get a commission of three per cent, that is \$1.8 million a year. Now out of that they have to pay whatever their selling expenses are because that commission, as I read the agreement, is a gross commission. They do not get expenses in addition to that. That is still a fair amount of money. It is a fair amount of money. They apparently have never been in the business before, not on this scale.

In addition these companies - the company with whom the agreement is made is a newly incorporated company. As the minister has said, it is a brand new company. It is incorporated solely for the deal. I submit that if I am wrong, I shall be corrected. I submit that it was incorporated specifically for this selling operation. There is no other purpose. It may or may not be a substantial company, we do not know. Does it have three shares at a hundred dollars each as many companies do? Does it have equity? I do not know. We were not given any information. Further this company, their performance, we were told by the minister - he said it in the "Evening Telegram", (I do not know whether he said it in the "Financial Post.") and in the House yesterday, that one of the reasons we took this company out of all the companies in the world was that they would make take-or-pay. It is a good thing.

But take-or-pay - first of all they are only taking sixty per cent - they do not guarantee one hundred per cent, ninety per cent or eighty per cent or seventy per cent but it is sixty per cent, up to 16,667 tons per calendar month of product. That is \$200,000. If the mill produces \$360,000 a year that is not even sixty per cent of the mill's rate of production. That is sixty per cent of about \$320,000. We have this company, take-or-pay. Now what is take or pay work? What happens if they cannot sell the product? They have an exclusive right to sell it as set forth in the contract. What happens? Are we stuck with

it? No, no they will buy it. They will buy sixty per cent of it, guaranteeing us, the shareholders in this mill, an income. But that guarantee is only as good as the people behind it. The people behind it are International Forest Products. They could be and probably are three shareholders of one share each. It is not a substantial company set up for the purpose of providing the corporate sale for this operation. Anybody who has ever done business in anyway understands the procedure. There is nothing wrong with it. It is quite common, But nonetheless that is the company, but they are backed.

by Rand Whitney Corporation. But who were they? What assets have they? They only sell \$6 million a year, sixty percent of \$60 million is \$36 million a year. So we are relying on a company with sales of \$6 million a year and a net worth of what? We know that it is a private company. It is not listed. There is no public information. Asking that company to guarantee \$36 million a year in product sales, we have taken their word for it. I think, Mr. Speaker, I am not saying there is anything wrong but I think we are entitled to some explanations. I think that the information raises some very substantial questions.

Who are these people? Why were they chosen? They have never been in the business before in any substantial way. The minister tells us and the "Financial Post" confirmed it, corroborated it, Mr. Allen Miller is the key to it and he apparently is a "wis" as a salesman, a first-class salesman. But, have they contracted Mr. Miller, The minister told us they have, but what sort of a contract? It is not a condition in this agreement, if Mr. Miller leaves the company tomorrow and they have to hire anybody to sell it, the contract does not last, here is nowhere I read it, I have only read it quickly, but I have read it two or three times, there is nothing here to say that Mr. Allen Miller is an integral part of this operation. We are not buying Mr. Allen Miller's services. We made a deal with International Forest Products and with Rand Whitney Containers. The minister says, well one of the conditions is that they have to meet our other conditions. But they are not specified and all the agreement says is that it contains all the terms and conditions, and understandings between the parties are within the four corners of that agreement.

Now also, I mean that is a disturbing thought. Who are these people? What are they going to do? Are they substantial enough to guarantee \$36 million a year? Because that is what they are undertaking. A company with \$6 million in sales, and the sales and assets are not necessarily related but normally assets are far smaller than sales. They may have no assets.

They may have one hundred or a-half million or one million dollars in equity. But they are guaranteeing, if nobody else buys it they are going to pony up \$36 million a year, and I am using round numbers and my arithmetic may be wrong, but far more than they have got apparently.

Now Mr. Jacob Haitt, a very substantial fellow indeed, a very substantial man, a gentleman and a leading citizen, but he is not guaranteeing this. He is a shareholder, presumably the controlling shareholder but he is not guaranteeing it. We cannot look to him. It could happen that this mill cannot sell its product and we are stuck. Now if it is a bad product, that is our fault, we did not make it good enough. But if we make a good product and cannot sell it, we go to International Forest Products and they cannot sell it, we say it is fine. the guarantee - (35), found on page 17 of that contract the minister gave me, that gurantee we are calling now, calling it on the monthly basis as it is set out. Where are they going to find the money? Sixteen thousand tons a month at \$160 a ton, it is a lot of money. Have they got this sort of money? Yes, let the minister bring us in some evidence.

MR. CROSBIE: They could buy and sell you.

MR. ROBERTS: They may buy and sell me, they could try but they may not have enough money.

MR. CROSBIE: We are not going to make any take-over bids for you.

MR. ROBERTS: But the point is, Mr. Speaker, how do we know that? I do not doubt the minister's word but with all respect I would like something more. I think the people of Newfoundland are entitled to something more. This whole deal is very unusual.

MR. CROSBIE: Not at all.

MR. ROBERTS: Whether or not a deal should have been made with MacMillan Bloedel, I am not going to say, I do not know. But I will say that MacMillan Bloedel, as quoted in this 'Financial Post' a reputable newspaper, you know, like the 'Evening Telegram' - 'scurrilous journalists of the 'Financial Post'." The 'Financial Post' quotes the MacMillan

Bloedel people and they are fairly substantial people, Mr. Justice J. V. Kline is their chairman, as I recall it; Mr. R. W. Bonner who was Attorney General of British Columbia, for what? About twenty years?

AN HON. MEMBER: Vice President.

MR. ROBERTS: Is the Vice President. They differ with the minister.

Now let me come to another point, they say they were willing to take equity. The Premier gave it as his main reason in his announcement and the minister said substantially the same thing yesterday that the real reason we picked these people, this unknown American firm with apparently very small assets, the real reason we picked them, gave them this \$2 million a year in commissions, the right to earn it, now they have to sell paper and they have to pay expenses, but they can earn up to \$1.8 million or \$2 million a year in commissions, the real reason was that they were going to take a chunk in the equity.

Mr. Speaker, you look through that agreement, look through it one hundred times or one thousand times, there is no commitment on the part of this company to take one cent's worth of equity; they state an intention. We all know what the road to hell is paved with, we all know the whereases, the recitals are not worth anything, it is the document, it is the part that comes after the agreement, that is the part that counts. Now therefore this agreement, witness this. There is no commitment to take equity, none at all. Not a cent. Not a nickel, unless the thing pays off, of course they will take equity. If that mill is a success, Mr. Speaker, there will be people lining up to buy it, 100 or 1000 of them, if it succeeds or if it's a fire-sale price. Sure even the steel mill at the Octagon, hardly a success, but the Minister of Industrial Relations tell us the people are cuing up to buy it, at fire-sale prices, at distress prices.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: So what is the commitment worth? They have not undertaken to buy that mill at a firm price. They have not undertaken anything. Nothing. So what is the Premier saying? What is the minister saying?

The Premier in his public statement has said specifically that the reason we picked this company. I am quoting again from the "Financial Post" quoting the Premier "Expressed a serious intention - International Forest Products is interested in becoming an owner of the mill." He goes on and says, "wisely" but any final decision can only be made after the linerboard mill is operated for several years." When we know how it is going to work, Mr. Speaker, we will have no trouble selling the mill, if it is a good operation or if the price is sufficiently low. If it does not work, we should be concerned.

MR. AYLWARD: Would the honourable member permit a question?

MR. ROBERTS: Yes, of course.

MR. AYLWARD: Is there any conflict in the recitals and the main agreement, you referred to it there?

MR. ROBERTS: Not as I read it, I do not pretend to have gone through it, and I do not pretend to be that expert. The main agreement has no reference whatsoever to equity participation except the clause that the government cannot sell unless they sell fifty point one per cent.

MR. AYLWARD: It may be wrongly so, but I deducted from the honourable Leader's remarks that there was some reference in the recital.

MR. ROBERTS: The whereases, the recitals -

MR. AYLWARD: No, with respect to equity, not in the main agreement.

MR. ROBERTS: The minister told us yesterday there was -

AN HON. MEMBR: Inaudible.

MR. ROBERTS: In the recitals? I do not see it in the recitals. Which recital, please?

MR. AYLWARD: Inaudible.

MR. ROBERTS: Oh, yes. And whereas "RW" having inspected the mill, relating facilities and resources of raw material has expressed its intention of acquiring a controlling interest in the principal at the earliest possible time. But the honourable gentleman for Placentia East, being a learned member and indeed a leader of the Bar, would agree that is not worth the paper it is written on as enforcing Rand Whitney to buy anything. Is it? I mean would the honourable gentleman take that case to court?

MR. AYLWARD: No, I just want it as reference.

MR. ROBERTS: There is a reference in the recitals, but there is nothing in the agreement.

MR. AYLWARD: But not in the agreement. Thank you very much!

MR. ROBERTS: So it is just a camouflage, it is a cosmetic job to try and pretend that Rand Whitney have any equity participation. They may have the intention. What I am saying, Mr. Speaker, is if this thing pays off or the if the price is sufficiently low, there will be millions of people with the intention. You know, of course, there will.

So I think the whole Rand Whitney deal needs a thorough airing, a very thorough airing. Everything I said is a fact. I make no charges. But we are dealing with a recently incorporated company not registered in this province as of a few days ago. We have no idea whether they have any shareholders or they have, what sort of equity they have or anything. They are guaranteed by another company, an American company outside of our jurisdiction, even though they submit to it, because this agreement is subject to the laws of Newfoundland but there assets are surely outside of Newfoundland, And how do we get at them? It might be difficult. I do not know what their net worth is. They are a private company, they make no public statements, no public disclosures, they are privately owned but their sales are only \$6 million a year and they are being asked by us to sell \$60 million worth of product a year, subsidiary. There

may be nothing wrong with it, but certainly it is a prima facie case that requires a further explanation. There certainly is, Mr. Speaker. There certainly is. Then we have the mysterious bit about the equity, the Premier and the Minister of Finance say the real reason we went for this group was the equity. But upon examination it turns out that there is no commitment to take a nickel's worth of equity, merely an intention, and an intention is not very helpful. Yet the Premier has said and the minister said it yesterday.

Mr. Roberts:

I am sorry, Tuesday in the House, that that was the main reason we went for Rand Whitney, an untested firm, never been in the business before that I can find. They only use 80,000 to 100,000 tons of linerboard themselves every year, their full production. It is the first big venture, I am quoting the financial post, "Rand Whitney which uses about 80,000 tons of linerboard for the year in its container plant seems too small to easily market 340,000 tons a year of Labrador linerboard." It is an opinion of a news story, a by-line news story in the financial post of December 2. An interesting series of questions and I would like to hear them answer.

Then we have the mysterious Mr. Robert Kraft, a gentleman with apparently no experience at all and he is the link in this, Mr. Robert Kraft who has come to Newfoundland and Mr. Ted Sorenson accompanied him. Mr. Ted Sorenson wrote some of the best speeches that any president of the United States has ever given. I think Ted Sorenson probably drafted or helped to draft that immortal line of John Kennedy in his inaugural address, "Ask not what your country can do for you but what you can do for your country." He is now out of active political life. He is a lawyer in New York City. I should imagine a very highly priced and a very good lawyer. But he introduced Mr. Robert Kraft. Mr. Robert Kraft crops up, Mr. Robert Kraft witnesses the documents. I am sorry, Mr. Robert Kraft signed on behalf of Rand Whitney and on behalf of International Forest Products.

Mr. Robert Kraft, a young wiz kid, graduated from Harvard Business School in 1965 and went straight into the Rand Whitney Converting Business. His only other business experience appears to be the director of Realty Companies and a biscuit manufacturer. Well he has sixty million bucks worth of biscuits and realty to sell now each year. So I would like the minister to tell us what it is about. I could be very wrong. If Mr. Robert Kraft walked in here right now

I would not know him. I also know that Mr. Robert Kraft said on television in Newfoundland that he was not a salesman and his company were not salesmen, that their interest in Newfoundland was not in selling. It was on "Here and Now" December 14, and he was interviewed by Mr. Robert Parker. Mr. Robert Kraft indicated, (this is a note by a gentleman who saw it, as I did not see the programme) he indicated in clear and concise terms that Rand Whitney is not really interested in these short run operations, rather the only reason they are in the deal now is because of the long range, the equity proposal, although he admitted that because they are not aware of the cost factors they cannot be sure if they will indeed eventually become so involved.

Quoting Mr. Kraft, "We do not consider ourselves merchants of papers and we do not want to be." Now that is interesting. They do not sell paper. They do not consider themselves paper merchants yet we have given them a contract and taken their guarantee, taken the guarantee of a small company and given them a contract to sell about \$60 million worth of kraft paper a year. They say, the Premier says, the Finance Minister says that their real interest is in equity and yet nowhere is there any commitment to take any equity. A commitment I could understand but a statement of intention, if this thing pays off, Mr. Speaker, anybody, there will be a dozen companies want to buy that mill and if it does not work out nobody will, including Mr. Robert Kraft, International Forest Products Sales Corporation, a Delaware Corporation and Rand Whitney Container Corporation which is a main corporation.

Certainly, Mr. Speaker, it requires some explanation, some elaboration, some digging into. I think the minister when he speaks or perhaps some other hon. gentleman opposite could tell us. We do not know anything about this company. We have not been able to find out

anything. They are very private. They are secretive. They are not public. It is not like a company on the stock exchange where you can go and look it up and see certain information about them. But for what it is worth there we are and I for one am concerned. I am not saying there is anything wrong, at most there maybe a bad error in judgement but I think the people of Newfoundland are entitled to the information so they can judge. It is a strange operation to go to a company that has never done any business in Canada, is not very big at all in this field, to turn down a large Canadian company, MacMillan Bloedel, of unimpeachable reputation, unimpeachable standing in this field. They differ directly with the Minister of Finance in what he says about their role in it, the right of first refusal. We heard them Tuesday. They differ with it. They do not agree with it. They, speaking in December, said it differently. What is the story? Why were MacMillan Bloedel, apparently an agreement was signed or all but ready to be signed, why were they suddenly put aside and Rand Whitney entered into? I think we are entitled to some explanations.

Now, Mr. Speaker, there are only one or two other points that I want to touch upon, if I may. First of all I was somewhat shocked to learn that the government have agreed to pay the president of this operation \$75,000 a year. That is a whack of money, when you add in a house and a car, it is a whack more of money. What is a car worth? \$4,000 or \$5,000 a year? Is it worth that sort of thing? Well, let us say it is worth \$2,000 or \$3,000 a year, and then a five per cent rise in his pay each year and a free house. I thought only clergymen and the governor got free houses. I was somewhat taken aback by this decision. I realize that the presidency of Labrador Linerboard is a tough job, it is a big job and it will take a big man. This man, on paper, seems to have some substantial qualifications and we have to let him show what he can do. But I find that a staggering amount of money. The Premier of this province gets \$22,000 a year, a member of

the House of Assembly get \$6,600 a year, a minister of the crown draws \$11,000 a year. I have no knowledge of what Bowaters and Price pay their top men in Newfoundland but I am willing to bet that \$50,000 would be it. I do not know what Mr. Mit Green gets. He is now the general manager at Bowaters and succeeded Mr. Ben Pride but I am willing to bet \$50,000. The Prime Minister of Canada gets \$45,000, the governor of the Bank of Canada gets \$75,000 and the president of the Javelin Linerboard gets \$75,000 plus five per cent annual raises, plus a house, plus a car. That is an awfully high price.

My friend, the member for Labrador North, who is not inexperienced in commercial matters and have widely travelled in Canada, tells me that \$50,000 or \$55,000 is just about tops for this sort of thing in Canada, \$50,000 to \$55,000. Did we have to pay a premium of \$20,000 a year? Along those lines, can the minister, I do not want the names but could he indicate - we had an organization shucked around to us today and it looks a little like the invasion of Normandy in 1944. But what are these people paid? This \$75,000 seems to be higher than one would expect. Is this being reflected all the way down the line? I have heard there are some handsome salaries being paid out there but what I hear is rumour and gossip and hearsay and I would like to hear it from the minister. I do not want the names although I think we might have a right to them, but I do not want them. It has to be run as a commercial operation but we know what the CNR pays their people and this is analogous. You could find out what the vice-president of the CNR or what the president of the CNR is paid. I do not know what Norman MacMillan gets. I do not suppose it is much more than \$75,000 a year for running the CNR right across Canada. Donald Gordon was getting \$75,000 and that was a few years and it may have gone up.

This man is getting \$75,000 and five per cent on \$75,000 is a \$3,750 raise he will get next year. He will get a raise of \$3,750.

I think it requires some further comment. I do not envy the man his job.

MR. NEARY: It is not related to production.

MR. ROBERTS: No, as my friend from Bell Island says, it is not related to production. I could see saying to the man, "Make a go of it and we will give you a handsome bonus," That is a pretty powerful incentive but apparently there is no such arrangement here.

Anyway I raised the question and I would like an answer and when we see the answer we will know whether there should be further comment or not. There will be loads of opportunity for that.

Now I think, Mr. Speaker, I have touched on most of the items I wanted to touch on. There will be opportunity in committee perhaps to go through it in a little more detail. I wonder if the minister would tell us, please, why \$46 million is being requested. The figures he gave us yesterday would indicate during 1973 possibly \$37 million and I confess quite clearly I am just lost in the mass of figures. That is what I meant by information and not explanations. Could he perhaps supply a breakdown of where the \$46 million authorized by this bill is going. Some of it will obviously have to go into the various items, debt repayments, \$15.2 million; complete construction, \$6 million; additional plant, \$7 million, and it is all straightforward. I would like to have a breakdown and, as I mentioned earlier, I would like very much to see the financial statements. I think that is a reasonable request. The people of Newfoundland are being asked to put up this money and the people of Newfoundland are going to have to pick up the deficits and so forth.

Now finally, Mr. Speaker, let me draw to a close

by saying that the whole debate, the whole fact of this bill having to come in, the whole Stevenville process is most interesting. It is most significant. It may be, probably will be, indeed I think almost certainly will be one of the great concerns of the government of this province for the next few years. It was the present government, the Premier and his colleagues, who decided to buy the mill and finish it. We did not disagree with them but we said quite clearly at the time that we did not know enough to agree or disagree and that if they felt they should, they had a mandate from the people. It was one of the issues in the election, and they decided to finish it.

The minister said Tuesday that to scrap the mill would have cost the province, I do not know what, a hundred million dollars maybe even one hundred and fifty but it would have cost a lot of money. We also would have lost employment impact. Very significant.

So, it is on the present government, the present ministry of this province. They decided to finish the mill. I am not saying that was a mistake. I think it is much too early to tell. I think there are some very real questions emerging about the government's handling of this. You know, I find it staggering that the cost - I do not know what the costs of construction have gone up. We were told last year \$160,000,000 to bring it into production. We do not know what it is to bring it into production now. All we know is that this year we are being asked to find \$46,000,000 more. I say \$46,000,000. The bill says \$40,000,000 but I read it to be \$46,000,000 - I do not know if the Minister of Justice has had a chance to check into that yet - that is forty million plus whatever money is paid under the principal agreement to Javelin and the other corporations. That is at least \$6.5 million and the possibility of more if arbitration awards do go against the government. That is a staggering escalation.

I sat here a year ago and my colleagues did and we listened as scorn and contumely were poured on us because the cost of the mill, when we were the government, when Mr. Smallwood was the Premier, the Smallwood Administration, the cost had escalated up to one hundred and sixty to finish. You would have thought we were personally responsible.

Politically we were responsible, those of us who were in the cabinet. I never denied it and indeed I am quite proud of the role which my colleague and friend from White Bay South and I played. I know we did what we felt best and I think that will stand the test of any examination of what men would do in the circumstances. Anyway, we listened and there was scorn heaped on us and ridicule. You would think we were the most incompetent and all that. I find it not gratifying, I do not find the expenditure of \$46,000,000 of the peoples money gratifying. I find it somehow consoling that ten months later the butchers bill has gone up by another \$46,000,000 over what we were told a year ago, with the prospect, as the minister has said, of another number of millions to come in the years ahead. I find that most consoling. It raises to me questions, very real questions. There doubtless are explanations.

The minister in his own inevitable style may choose to pour scorn and contumely on us again. All the scorn and contumely and arrogance and nasty words, Mr. Speaker, will not take away the fact that a mill which we were told last June would be brought into production for \$160,000,000 is now, ten months later, going to cost us to bring it into production and to carry through for at least the first year not \$160,000,000 but something of the order of \$200,000,000.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Well, I do not have all the figures. I only have what the minister gave us. That is how I began my speech. I will yield if the minister would like - the minister in his own style will deal with it and I can hear it now. We are in for another of his performances. Well, that is fine. Yes, by the time we are finished it will be \$223,000,000. That raises some very real questions, the way this project is being managed, the way it is being handled. There are equally real questions about the way it was managed and handled before the present administration took office. I do not deny that. I think it may be a text book case in how things can go wrong. What I am saying is that we have had incredible increases in cost and up until now we have had no explanations. I hope

the minister will give them to us. \$160,000,000, Mr. Speaker, we were asked to authorize a year ago and we authorized it. We are now being asked to authorize an extra \$46,000,000. If the minister does not consider that incredible, I do. Out of that \$46,000,000, \$15,000,000 of it is going for debts, \$6,000,000 is going to complete construction, \$7,000,000 to additional plant, \$2.5 million for contingency and interest on the debts; \$6.8 millions. So, of the \$46,000,000 we are being asked to authorized, \$15.2 millions is going for debt repayment. The rest of it is going for other than debt repayment. It may include a payment on interest but not repayment of principal. So, I think that is an incredible escalation when you heard before how we were condemned and damned and how we were personally responsible. I as a member for White Bay North was personally responsible because the cost of that mill went up. Personally, you know my own bank account was in considerable jeopardy at the time, as my colleague says.

Well, I find it somehow an indication that the wheel does turn. I do not say that in any acrimonious sense. Ten months ago we stood on a debate and said that we did not think this should be an acrimonious thing. By all means make it partisan. That is the very heart and the very guts of our political system. I have not been acrimonious today and the minister was not acrimonious Tuesday. He may or may not be acrimonious in his reply. We shall see. The other gentlemen may speak in the speech. We will see. They will say what they think fit. If they want to be acrimonious, let them.

The minister has been known to be lacrimose. He has also been known to be exceedingly verbose as well as comatose and otiose. We have Thesaurus too. He goes back to - I cannot pronounce it. You learned how to pronounce it. He was at school for a month learning how to pronounce it, but I could not.

AN HONOURABLE MEMBER: What area?

MR. ROBERTS: Well, the honourable gentleman knows whereof he speaks. He has been living with it for a while.

Now, Mr. Sneaker, I can tell Your Honour that at times that is very much in order, if Your Honour has ever had dysentery.

MR. W. ROWE: The voice of reason.

MR. ROBERTS: The whole debate has just begun. It will be going on for many years yet. I thought of suggesting that perhaps a permanent committee, a standing committee should be struck and sit for a number of years on this but I do not think that is appropriate yet. We will see how it comes on. We will see what information the minister gives us. We will see how he deals with the various points that I have raised. I do not propose to go over them. I think he has grasped what there is to grasp and he has noted it down and in his own quite capable way he shall deal with them.

Let me conclude by saying that a year ago this government, this group of men decided to take over a mill. I do not know if they had very much choice. They decided to finish it, bring it into production, operate it. They had a choice. It may have been an unpalatable one but they had a choice then. They took a choice and I believe they took it on the best information they could and in the best of faith just as we operated it in the best of faith when we were the administration. To criticize what one does or does not do, finding criticism of motives and of lack of good faith is a different order altogether, a much lower order. I believe they have acted in good faith. Here they are back less than a year later asking for an additional \$46,000,000 with all sorts of questions unanswered. The whole Rand Whitney question needs to be examined quite thoroughly. I think that I have raised some matters there that should be explained. It may be that they can be explained perfectly and satisfactorily. We shall see.

MR. ROBERTS: The woods operation in Labrador. I have not touched on shipping, my colleague will - but that was an incredible mess. Negligence of a high order I think, is that a fair way to say it now? To say it was negligence of a high order? One ship standing out on the waterfall or on the stream all summer in Goose Bay at \$4,000 or \$5,000 a day. Whoever ordered those ships should have to answer for it. There was at least one Sir, and the government admitted that when they released the charter the end of September, released it early.

The whole question of employment, there is unhappiness, there are unanswered suggestions. I put forth what I conceive to be a reasonable and a constructive suggestion that an independent investigation be made and let the people who have a complaint, let them say it and let a man in effect sit in judgement and that will be the end of it. It will not be ended, I fear, while the minister who is a partisan figure and a political figure and has interests to defend and has a position to maintain, while the minister is in a verbal deal with the elected - the mayors and so forth - from the Bay St. George Area. That is not the way to end it. The way to end it is to have an independent commission and then let them hear the evidence, let them make the judgement and that will settle it. The whole question of where the money is going, I would like to hear the minister explain that.

Finally I would like to hear the minister tell us the financial outlook, not just that we are going to be in it \$220 million. He has told us two things - it is going to cost probably \$220 million by the time 1976 has come and gone. He has also told us that he does not see how the operation can ever make money. Staggering - that has got the headlines. But how much is it going to lose? Can the minister supply the figures? I am sure he can but what I am really saying is will he? Will

he table the projections that have been prepared? I think we are entitled to them. We have to vote the money. The citizens of Newfoundland are going to have to find that money. I should imagine it will go on their debt. I should imagine it will have to be borrowed and repaid in the years ahead.

Not just that - that means far less money for roads or hospitals or anything else because the government cannot borrow money twice. If they take \$46 million and put it into this project this year, that will reflect on the money they can borrow for other capital account projects. So they are relevant and they are reasonable questions.

Having said that, Mr. Speaker, let me again say that I do appreciate the way in which the minister has approached this debate. I think it is the right approach. I have tried to respond in that way. A number of my colleagues will take the same position, the same approach. They have further points they wish to make, they will do so during the debate.

Again, having heard the minister sum up, we will be in a position to answer the question I cannot answer now. I do not know whether I am going to vote for this bill or not. I have every sympathy for keeping the Stephenville project going and if we get the reasonable explanations and the satisfactory explanations, then I am prepared to suggest to my colleagues that we vote for it. As it now stands, I would have no option to vote against it because I do not know where the money is going. We have had a lot of information but remarkably few explanations.

Thank you very much.

MR. WOODWARD: Mr. Speaker, I think my colleague, the honourable Leader of the Opposition, covered most of the points, Sir, I would

like to make. I would like to speak briefly on the woods operation in Goose Bay.

The honourable Minister of Finance in his presentation yesterday did not speak kindly of the Forrestral operation or the Forrestral people. I do not want to get involved into personalities of management people or personalities on the government side of the House for that matter, but when you take a serious look and when you live side by side with an operation such as has been going on in Goose Bay over the last three years and you have seen so many people, especially management people come and go and so many changes taking place that you feel that this particular operation is getting very little direction from where direction should come from.

In this particular case, Mr. Speaker, I voted on the takeover. I was very happy to see the government taking over the mill in Stephenville and last year I was happy to vote on the bill. This gives the people of the Goose Bay - Happy Valley Area a lot of confidence. We felt that during the Doyle-Javelin situation that things were not right. We felt that sooner or later, possibly we would lose the woods harvesting operation and it probably would go to some other area of the province or go to some part of the mainland. At one time I think they were looking at possibly an area in Quebec.

But again when we hear the honourable Minister of Finance, and I might add when the honourable Minister of Finance did take on the responsibility along with his colleagues in government, this gave us another hope, Mr. Speaker, we had feelings with the honourable minister being a great businessman, a great lawyer, a brilliant lawyer, we felt this again would bring possibly some permanency to the area.

So there has been very little said and I think the public as a whole have gone along very well with what has been taking

place. They have had meetings. The local municipal representatives have gotten together. We have assessed what was going on and then again the stand that we took on the thing was - well, why do we not wait and see? We possibly should give them a chance and see how the new operation under Forrestal was going to perform.

When I heard yesterday that wood produced in Lake Melville or the Labrador portion at \$75 a chord as compared to the \$44 a chord delivered to the mill from the island. The figures, Mr. Speaker, are not unknown to us. I think we have known about those figures for a long time.

Then again this has caused us, in our wisdom, and the local people to do some research. I have been in contact with the employees of Labrador Linerboard. The employees of Labrador Linerboard are as equally concerned about permanency and security in their jobs as I am. They have come to me, a number of them. They have said, "Sir, unless we do something about this particular operation, we are very much afraid that the government cannot afford, or we will not compete with people on the outside, the private contractors on the outside, as far as producing the wood is concerned."

I can recite a number of local cases where maintenance people who have come into the garage, signed in to work, immediately left their job and disappeared, ended up with eight to ten hours overtime and never did any particular work. I think the whole operation was treated in this respect.

I have known last year where a whole shift of maybe thirty or forty men appeared to load a ship, the ship never arrived, they were paid for that particular ship. When you think in terms of that much money and when I calculate that the three ships that I have no definite figures as to how much they were costing, I understand

they were costing somewhere around \$4700 or \$4800 per day. When you calculate when the three ships were running, we had the utilization last year of one and a-half ship, so for the total year there was somewhere in the vicinity of \$500,000 that went unnecessarily in demurrage to the ship owners. I was told by the owners of the ship that they went to the management people and said, "Look, we know that you do not need two ships, you do not have the facilities, with the problems that we are running into you only need two. We have work for one ship. If you release it to us now, you will not have to pay a penalty clause on that ship."

This, they did not see fit to do and I think it was a month and a-half or two months later they took that particular ship off, ultimately costing somewhere in the vicinity of a quarter of a million dollars that we should not have paid for.

As far as the docking facilities at Goose Bay, there was a berth that was set aside for one particular ship and this berth was in reserve for linerboard, there was very little waiting time at the berth and I do not think possibly that they lost more than maybe two to three days for the whole season waiting for the berth.

What happened in this case here, Mr. Chairman, was the fact that the first ship that arrived in Goose Bay (and the honourable Minister of Finance I think brought it to the attention of this House) the first ship arrived in and they loaded some 5,700

cords of wood in a period of three days which was excellent. The wood was readily available and then the thing started stretching out and I think some of the ships took as high as twelve days to load 6,000 cords of wood. You can see the downgrading in the whole system. Ultimately this is what we feel, it is not the cost of the wood it is that there is no efficiency in the operation and consequently, if the honourable minister or the people who are responsible are prepared - and I recall in this House when the bill was presented, the Javelin bill, that Forestal had made recommendations that by 1976 it would be feasible for the linerboard to be taking out of the Labrador operation, in that year, somewhere in the vicinity of 450,000 cords of wood. We are now told by the honourable minister that we can only hope ...

AN HON. MEMBER: That was before...

MR. WOODWARD: That was before they got really involved in the operation but they did make that report after looking the operation over. Now we have been informed by the honourable minister that Labrador production will be limited to 250,000 cords per year. I feel and when we look at the total production for last year, 138,000 cords which now we feel is only 120,000 because they did not have the right measurements or the calibration on the cords and they had no means of calibrating it, I feel that if we can get, Mr. Speaker, an additional 100 cords next year, we are going to still maintain the level of employment or maybe increase it a little more. I think last year the peak was six hundred and some odd people. I think it was six hundred and seventy or something like that.

This would be sufficient and maybe we would like to, as I have mentioned, I think the approach with the amount of harvesting equipment we have in the area, somewhere in the vicinity of three to five million dollars worth, if you are going to apply the depreciation of the defunct slashers that they have, the depreciation on the defunct equipment that they have and you are going to write that

particular cost up against this particular amount of harvest, then we will never see the day when we can compete with the people who are in private business here on the island. This I feel, Mr. Speaker, is an area where we are losing out.

I feel that there is no one from Labrador Linerboard nor anyone on the government side who have approached people - I have heard a number of people express their willingness to get involved in private contracting of wood in the Goose Bay Area, providing they could get the concession rights to cut this timber. I have known people or I know people who now work in the management side of Labrador Linerboard, who feel themselves, although they are producing wood for linerboard at a cost of seventy-five dollars to eighty dollars a cord, that they can buy their own equipment, house their own men, they can recruit their own loggers from the island and give them a five-year contract with a minimum of 20,000 cords of wood.

There are a number of the management people who feel that they can land this particular wood at the dockside in Goose Bay for as little as thirty-six dollars a cord.

MR. CROSBIE: I am not suggesting that the wood is likely to cost that dear coming up, but that figure is what the wood cost last year, when you take all the shipping charges and so on, to get it down to Stephenville. There is no doubt that you can get the wood a lot cheaper than that.

MR. WOODWARD: (Inaudible)

MR. CROSBIE: If it could be done for thirty-six dollars, then that would be a miracle.

MR. HICKMAN: Maybe the gentlemen to whom he refers can be persuaded by the honourable gentleman to make a proposal to do just that, land wood at the dockside for thirty-six dollars a cord to Labrador Linerboard.

MR. WOODWARD: At the dockside in Goose Bay, not to include your shipping which is far cheaper...

MR. HICKMAN: At Goose Bay. No, no.

MR. WOODWARD: Yes, I feel, Mr. Speaker, that this thing can be done and I feel the magnitude of that operation in Goose Bay, the woods operation, especially the maintenance end of the thing has lost control. They have settled into a trend of utter inefficiency, maybe less than forty percent and there is going to be great difficulty in injecting any measure of efficiency in that operation.

Unless they fragment it, unless they break it down and get people, private contractors, and I feel that ten private contractors in Goose with 25,000 cords of wood per year each can easily and more than easily compete with the private contractors here on the Island of Newfoundland. I will give you the name of two. I have already had them sitting in my office, they came in and listed the type of equipment they would use, people that have twenty years of experience, who are now working for Labrador Linerboard in foreman capacities. They feel and they have come to me and said; "Look, with the type of operation we have here now, with the big overhead and all the sophisticated equipment that no one knows how to use, with no training." We have sixty or seventy pieces of equipment, Mr. Speaker, sitting behind a garage...

MR. HICKMAN: We know. We know.

MR. WOODWARD: That have been gone for years, at a cost to the taxpayers of this province of four or five million dollars.

MR. CROSBIE: That equipment was bought by Javelin.

MR. WOODWARD: Bought by Javelin...

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: The equipment they are talking about was bought by Javelin originally, right.

AN HON. MEMBER: And probably paid for by the province.

MR. CROSBIE: I am just pointing out who was responsible for getting that equipment that is there.

MR. WOODWARD: I think it is immaterial, Mr. Speaker, who bought the

equipment, the mere fact is that this operation, Forestal was to go in there and manage that particular operation. The operation now as it exists, they have not improved over what the Javelin operation was, going back a year or fourteen months ago.

The morale of the employees I would say has deteriorated to a degree whereby a lot of people are concerned. A lot of people will possibly ask to move and be transferred to Stephenville because of the fact. When the honourable minister says that we cannot live with this cost, we know what the cost is, We cannot live with this cost and if we cannot improve the cost of the production then we will probably have to withdraw from that particular area. We have now gone to Prince Edward Island and we are talking to people there. This is an area where they do not have the climatic conditions that exist in Goose Bay. They have gone down to Hawkes Bay and have negotiated with private contractors in Hawkes Bay to produce wood for Labrador Linerboard.

I know it is a fact, Mr. Speaker, that they have to do this if they are going into full production. If we can get that 250,000 cords of wood, but then again there are other areas I would like to bring it to the attention of the honourable Minister of Finance, the fact that I have been told by people, knowledgeable people, I am sure that the forestry task force will report this, that there is another stand of timber in Labrador, in the Kaipokok Bay Area, Postville Area, that is easily accessible, that can easily be handled by water transportation and may be one of the easiest and most accessible timber stands in the whole of this province. You can get a good yield per square mile along the river bank and on the lower slopes of Kaipokok Bay.

I am disappointed

Mr. Woodward.

with the fact that in Labrador South - I am sure that the hon. member for Labrador South will speak on this - when Henderson goes in to negotiate or to buy wood from local contractors in the Port Hope Simpson and the Cartwright Area, there are a number of people in Port Hope Simpson, when I talked to them last year or the year before, who were quite willing to produce wood and put it to the dock side for a cost of \$25 a cord.

Now the climatic conditions - sure. When we have people maybe coming in from British Columbia, people coming in from Western Canada, people coming in from Thunder Bay in management positions, looking at our temperatures going down to the twenty below zero, twenty-five below zero, thirty below zero, they sometimes have a tendency to say, well there is not a lot that we can do in this respect because we cannot fight the elements of weather. I am very pleased, Mr. Speaker, although the Woodland's Manager who is going into Goose Bay, Mr. Truman Maynard, who has had experience, has worked in a management position for Bowaters in the Port Hope Simpson Area, he is now going into Goose Bay and coming from the Great Northern Peninsula, being accustomed to the conditions that exist in Labrador, I feel that this sort of attitude - Mr. Maynard will not be taking the same attitude as far as production is concerned as other people have taken who have parachuted in from the mainland with all their expertise to help to produce this wood in Labrador.

There have been three changes in management over the last eighteen months, from the resident managers down to the woodland's managers, to the general forum and all the rest of the top management plan has been changed. We have had very little continuity in the management itself. Consequently, I suppose this has caused the deterioration or downgrading of the operation. I still feel, Mr. Speaker, and I would like to say to the hon. Minister of Finance that the

figures that have been quoted in this House yesterday and today, as to the cost of the wood in Goose Bay is not the real cost. We should not be discouraged by these figures. I feel that there can be and that there should be the individual approach to private contractor approach and as far as the loading of the wood is concerned, we have had the same problem. I loaded 50,000 cords for Javelin the year before last. My cost on loading a cord of wood ranged from \$2.64 a cord to \$9.70 a cord. It shows the inefficiency of other people. When you sit with a gang of people, forty, fifty, sixty people on a ship and you wait for two to three hour intervals before a truck arrives with a load of wood, it is pathetic, Mr. Speaker. It is something that makes you sick in the "guts." This is the type of operation that went on. I think it is going to be a sad day if and when the Labrador Linerboard dispense with their wood's operation in Goose Bay. I feel as we felt that the honourable minister in his wisdom has a lot of expertise. Unfortunately, he may possibly have made a wrong choice in selecting Forestal to do the job. I think he had admitted that yesterday. I hope that he will give it another try. I hope that he will not direct all of his attention to getting the wood from the Island of Newfoundland. I do not know whether there is sufficient wood on the island to supply the mill. Maybe the honourable minister, when he sums up and speaks on the bill, can tell us that.

There is a need for good management. Mr. Speaker, in the whole wood's operation, I feel that there is a need for local people, people from the province that have been producing, people from the province that have been dealing with our loggers. There have been a lot of problems and I am sure that the honourable member for Bell Island, my colleague, -

AN HON. MEMBER: (Inaudible).

MR. WOODWARD: The mainland superintendents at sometime fail to understand

the Newfoundland loggers in the operation. They fail to understand possibly the Labrador people who come in from the coast to work in the operation. We have had almost continuous labour problems. I feel here and I am sure that the honourable minister will give the Goose Bay operation another chance and possibly by having, with the change of management and the new people who are going in, the Labrador Linerboard people can perhaps bring some efficiency to it.

To conclude, Mr. Speaker - we felt that Labrador Linerboard would be given direction by the government. We now feel that they give very little direction to the wood's operation, to Forestal. Forestal were left more or less on their own to do what they wanted to do and to do what they feel should be done, but they failed miserably in that attempt.

MR. MARTIN: Mr. Speaker, I would like to start off by congratulating the hon. Minister of Finance for a detailed report on this operation. We might have expected that it would probably be withheld in the public interest. We are not accustomed to having such details divulged in the House and I must compliment him on his courage in holding the public interest up.

I was very much disturbed to hear the comments of the minister when he said that Labrador Linerboard would probably never ever be able to repay the debt, and I wonder whether or not we are taking the right course of action here in allowing this operation to continue. I trust that the minister and his department have delved into it far enough, that there is absolutely no doubt that there is at least a chance for survival. I would hate to hear next year or two years a similar report on Labrador Linerboard, that we were forced to listen to a couple of weeks ago on the steel mill. If that is the case, maybe we should drop the whole thing right now. Given the facts that we have before us over the last couple of days and the picture being what it is, if there were a motion to the floor today to kill the Labrador Linerboard

operation I think that perhaps I would have to vote for it. I am concerned that we may be pouring money into another "white elephant."

The problem as it was outlined by the minister and by the hon. Leader of the Opposition, I think gives us real cause to sit down and take a look at this thing without getting too much involved in partisan politics. It is going to mean a large strain on the public purse, whether or not the operation is technically successful. There is very little I can add to the comments made by the hon. Leader of the Opposition. There are a number of things I do not agree with in what he said, but that is neither here nor there.

I think one very large and important aspect of this whole operation has not been dealt with at all and that is the whole question of whether or not we are harvesting our forest products rationally. I am not just talking about the Labrador forest. I am talking about the whole forest all over the province. Without reiterating what has been said before, without going into all the details, in my own opinions of the things that other honourable members have spoken of already, I would like to pass on to the hon. Minister of Finance, and anybody else who cares to take note, a couple of recommendations that have been put together as a result of a lot of work by a group of people who were charged with the responsibility of researching the forest resources for my party. We had had underway for the last

couple of years, Canada Land Inventory, a segment of which was a forest inventory of this province.

I understand that the Labrador section of that inventory has been scrapped. I am not confirmed on that, I believe that is a fact, if it is, I think that was a very grave mistake. If it was scrapped it probably was because, like everything else in Labrador, it was found to be much too expensive.

If we are going to get around to harvesting the forest resources of this province to the best advantage, then we have got to change the whole system under which the forests are now managed. I would suggest that as a start that we take an inventory, take all the inventory data of the forest lands that we have, continue the inventory of the forest capability in Labrador, and then we will know the exact extent and state of our forest resources. Incidentally this Canada Land Inventory was a cost-shared project with the federal government.

Secondly, with the data that we already have from the inventories, the timber stand should be typed and categorized and broken down into geographic regions. Within each region we must determine the calculable, allowable annual cut. If that is a little technological, we have heard it referred to as the sustainable yield. We have got to determine in each segment, in each geographical segment of this province, exactly how much we can take out of each forest stand, to what purpose that is going to be used and still have more, to go back ten or twenty years hence.

Then we must take a look at the cost of assembling. We must take a look at the cost of assembling this cut from each region, tabulate that, computerize it, determine the basis of the economics from moving the harvest from each of these geographic regions into the area in which it is

going to be used.

We are also going to have to decide which areas of forest land should be declared conservation areas. We also have to determine then what the economics of harvesting and/or conserving each of these units are to be.

The state at the moment is such that there is no way that we can or that the various paper companies can economically harvest certain lands which are now under their control. In order to bring about a rational harvesting we must, therefore, to make it short and simple, take back control of all our forest lands from whomever owns it now and put it under control of the provincial government, perhaps under a crown corporation or some other agency.

AN HON. MEMBER: Nationalize?

MR. MARTIN: If you want to call it that, yes - nationalize our forest resources, put it in control of some agency which will harvest it most economically, which will then enter into supply contracts with the various mills. I think that at that point we are going to find that we have enough resources left to go into the third or fourth or fifth mills that we have been hearing about over the last couple of years.

To make all this work, government must do two or three things. First of all, we must acquire all of the existing freehold rights to wood lands in this province. We are talking about essentially those lots which Bowaters acquired from the Reid Company. We must then convert all of these lots to crown lands. Having done that, since there are only really two operating companies which would be effected - Price and the Bowaters companies - the government would have to give these companies assurances of a continuing supply at least to the amount equivalent to the volume now available from their own forest land. That is only fair. They have to be assured of a continuing supply.

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The government would also need to pay compensation to these companies, have to pay compensation for the loss of these freehold rights. The companies would then have no worry about supply since they would have a guarantee from the government of at least a continuing supply equivalent to that

which they have now.

Now then, since they are already compensated under that formula, the government could then turn around and charge these companies stumpage fees. If you want to look at it from the economical standpoint of these companies, they have their compensation. If they are going to pay stumpage fees, they already have in compensation even value to cover the cost of stumpage fees for twelve years, and that should keep them happy. However, the important point to remember is that after this fifteen or twenty year period we would then be away and free and all the rest of the stumpage fees would be poured into the public kitty.

There is one other point to consider: At the present time, much of the land now being harvested is not freehold land but crown lands held under lease. Once compensated, the companies can then be charged by the government the stumpage fees on all woods going into their mills, whether it is on their own freehold land or on crown land or whatever.

Price Company, for instance, and its predecessor have had sixty-six years, in their case, on the gravey train. I think it is about time they began to pay something into the public kitty.

Having cleared up then all of these mistakes of the heart in allowing our forest lands to be raped, we should start to get down to a rational exploitation of our forest resources. By legislation then this government should insist, since there is a great demand in this province for lumber, in any harvesting operation we should insist that all the large trees, all the large stock sizes be culled and make available for the sawing of lumber, thereby gain the most from the potential economy of all forest lands. We would have to cull to put into timber those trees that could be cut for timber and put into pulp those that could be put into pulp. This is not being done now, and it is a crime.

I walked through the Labrador Linerboard yard at Goose Bay and I saw trees of eighteen and twenty-four inch diameter going into pulp, when right in that very same yard there is a sawmill capable of putting that into lumber. If that lumber were then taken and sold, you could easily overcome the extra cost of shipping even at seventy and eighty dollars a cord.

By such an analysis I believe it would become apparent that it is not then, if we were to do that kind of harvesting operation, it would not then be necessary, it would not be economical to bring wood out of Labrador. If we did not have to go through all the cost of transporting that wood down from Labrador, there would be a considerable savings, if the Labrador Linerboard Mill at Stephenville were sure of a cheaper supply, there would be even a greater chance of its survival and I think the interest of the people of this province would be protected.

It then becomes a political decision of course, as it was in the first place, to go and cut in Labrador. I would be interested and I would ask the honourable Minister of Finance or anybody else who may be able to supply me with the information as to whether or not there is a document, whether there is anything written down to back up the argument of the economics of that chip mill that was suppose to go into Happy Valley in the first place but never did get there. I wonder if it is not feasible to put that chip mill there, I do not know. I sincerely would like to know because I suspect that the whole thing was a big political farce in the first place. I suspect that this whole Labrador Linerboard operation was conceived by John Doyle to do exactly and precisely what it has achieved, to create a great white elephant at the expense of the people of this province so that the government would have no choice but to buy it from Doyle and thereby get him off the hook. I would like for somebody to give me the answers to that. If those files have not disappeared, perhaps they are still in this building.

If we are not going to harvest for Labrador Linerboard in Labrador, then what do we do with the stands of timber existing? A few other statistics dug up by my hard working group: It is possible, given the marketing situation in lumber today in Eastern Canada, it is possible to harvest in Labrador, especially in the Hamilton and the Kenamu Valleys, trees that could go into lumber and become three times as beneficial to that area as it has now been taking pulp wood out. That is the rational approach that should be taken. In my opinion, it is possible even with our present

resource potential in Labrador to produce at least fifty million board feet of lumber per year out of the Goose Bay Area alone, fifty million board feet of lumber. We know that without even having gone into survey. This amount of lumber would yield, as a by-product only, an amount of wood chips suitable for utilization in the Stephenville mill at least equivalent to 35,000 cords of round wood a year, and this would be a by-product secondary to the lumber operation. For the lesser wood stands in Northern and in Southern Labrador, the Kaipokok Bay stands; my hon. member from Labrador North referred to, Sandwich Bay, St. Lewis Bay, Alexis Bay, Green Bay, all the way up through the Southern Labrador Coast, all these wood stands could then be utilized by private operators to supply all of the various mills whether it is Labrador Linerboard or Price or Bowaters or whatever.

There is an important point that we should remember here in the economics of this whole thing. The slow growth rate of timber in Northern Regions such as Labrador produces a finer quality of wood for the manufacture of newsprint than are produced in Southern Regions. It is a more dense type of wood, stronger fiber, infinitely better for the production of newsprint. What we are doing now in our great good sense is putting a first class primary product into the production of a third grade final product. It does not make economic sense at all. If we are going to harvest the wood in Labrador, then we should at least put it to the best use and that is in the production of newsprint.

I think that before I am asked to vote on this question of supplying more money to this, and it probably does not matter very much whether I vote for it or against it, I would like to have a few more answers as to whether or not this government is convinced that there is at least a fair chance of survival of the Labrador Linerboard

Mill at Stephenville.

MR. CROSBIE: Mr. Speaker, I cannot finish by this evening anyway and there is a lot of information I will have to try and get but unless the House Leader wants to go on to something else I will see what I can answer right now. So I will be skipping some of the points that I will have to come back to when we do it tomorrow or whenever we finish.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: No, unless you want to go on to something else I will do a few points here. Well, first on the matter of the costs, Mr. Speaker, I think I should clarify the position there. The additional money that we have informed the House that appears may have to be advanced over the next four years is not escalation of costs of the construction of this mill at Stephenville and the operation at Goose Bay. In other words, it is not that this is going to cost another \$95 million to put this mill at Stephenville and to operate in the woods at Goose. We are simply doing what we felt is advisable to do and that is to inform the people of Newfoundland what further monies might have to be advanced over the next four years if the projections are correct. Now the amount that I told the House .

about the day before yesterday that it appears might have to be advanced by the province in the next four years, including this year, of \$95,620,000. That is the total. In the first place \$33,698,000 of that is debt repayment. These are principal repayments that have to be met on the debt that we have taken over from Javelin, that was arranged in the project in the first place. That is not adding to the cost of the project. That is not an escalation in cost of the project. This is just money that has to be paid out to repay the original debt, in the next four years.

Now, the company will not generate sufficient income from its operations to meet this principal repayment that has to be met in the next four years. Number one, the original debt was very short term debt. It was not arranged as a ten year issue or fifteen or twenty years. As you can see, this year already - although the debt was only originated, the Lazard debt, the Hessische Landesbank Debt only originated in 1969 and 1970 - already in 1973, \$15,000,000 of it has to be repaid. Now, even if this had been a tremendously successful project, I doubt that the year it started to operate it could have paid off \$15,000,000 principal. These were arrangements made by the Javelin companies, approved by the previous administration that we can do nothing about. There is \$15,180,000 falling due this year and there is no way in the world that this operation could generate enough profit this year to meet that. So, the people of Newfoundland have to advance the money to meet it. Over the next four years there is \$33,697,000 in debt that has to be repaid. That is not an escalation in cost of the project.

Then again included in this figures is \$6,000,000 to complete construction. That was the figure as of the end of December. So, construction will be completed with that \$6,000,000 and the thing will be in operation.

Included in these figures is interest on the original debt each year. That totals \$25,172,000 in the four years. This is not an escalation in cost. That was a cost that was set five years ago when the money was borrowed. We have now discovered that the mill cannot generate in the next four years enough income to meet the interest expenses

on this debt. So, it is not an escalation in cost but since the mill cannot generate enough income to meet the costs, we have to. So, that is not an escalation. So, that is \$33,698,000 debt repayment, \$25,172,000 interest. Neither one of these are escalation in cost. So, that is a total of \$58,000,000 of the \$95,000,000.

Then we have allowed \$10,000,000 for contingency. We do not know whether that will have to be advanced or not; to be on the safe side. Perhaps it will have losses or it will need additional cash or will not generate enough cash flow. So, to be on the safe side we have allowed two and a half million dollars a year. Well, that is \$10,000,000 which we may not have to advance. On the other hand, our projections indicate that we may have to advance it. So, we include that. That is a further \$10,000,000. That is not an escalation in cost. It has nothing to do with the cost of the mill, to get it to start up. So, that is not an escalation in cost but it may be that we will have to - it will not generate sufficient income in the next four years. It may need additional cash to meet contingencies.

The final item was additions to plant and equipment. Well, every mill, including Bowaters Mill or Price Mill or any mill in the world, once it is finished has additions to plant and equipment. This one will have additions to plant and equipment and we have allowed, on the advice of our consultants and mill management - we are told that there may be capital expenditures to add to the plant, replace equipment at Goose Bay and Steyvenville over the next four years; that we should allow \$20,750,000 for that because they do not think the operation can generate sufficient income to meet that from its own resources. We have given the House and the people of Newfoundland a four year projection so that they will know just what they are involved in with this thing. This is not escalation in cost. That is another \$20,750,000 that will probably be needed to add to the plant, to add to the equipment and replace equipment.

For example, the wood handling facilities at the mill in Steyvenville are not satisfactory. They do not work properly in the winter time. That is where the wood

comes up the jack ladder out of the water into the mill. Whoever designed it, when it was designed, it is not an efficient system. It will not work properly in the winter. The whole arrangement for taking wood into the mill from the water out in Stephenville has to be changed.

MR. WOODWARD: Is it going to be changed?

MR. CROSBIE: Yes they are working on the plans and the designs of it now. The money for that, of course, has to be included in the figure I just gave you, in addition to plant and equipment.

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: No, that is covered in the original construction. That \$20,750,000 is not an escalation in cost either. The project has not escalated in cost from \$159 million estimated in the budget last year by \$95 million. That is pure poppycock! It is escalated in cost from what is in the budget last year, \$159 million, to something in the area of \$166 million to complete it.

In addition to that we now know from the projections of the consultants and our management that it is not going to operate, in the next four years it will not generate sufficient income to meet those four items I have mentioned which means that what has escalated is the amount of money we had to put into it, not the cost of the original project. This would have been the case whether Javelin continued on with it or any one continued on with it; this would have been the case. It is not escalation in cost. It is escalation of what the people of this province may have to put into it. In other words the cost of completing this mill has not gone haywire.

Now there have been additional costs, i.e., there was no provision in the original plans for a chemical additive building. We had to provide for a chemical additive building. Now the original plans were not done by us. They were not done by this government. They were not done by the last one. They were done by the Javelin people and

whoever designed the mill.

MR. W. N. ROWE: How come Donald D. Dick did not pick that up a little sooner?

MR. CROSBIE: Well he picked it up. Certain mills apparently do not need - it depends on the type of wood you need. If you are using southern pine, i.e., you do not have to have chemical additives. The chemicals are in the wood, naturally. Well, of course, up here in Newfoundland, we do not have southern pine. We have black spruce. We had to add a chemical additive building, and that was an additional cost. This building has to store three chemicals; alum, rosin, rosin size, that is in starch. The chemical additive building at Stephenville was needed because the fir and spruce trees do not contain the natural size that is needed. In the United States, i.e, the southern pine has a natural size which eliminates the need for a chemical additive building. Last summer it was discovered that there was no plan at all for a chemical additive building and we had to go and design one and call tenders and it is going to be completed now in several weeks time. That is also one of the reasons why the start up of the mill has been delayed or was delayed to past October. That is one point that I wanted to make clear there from what the honourable Leader of the Opposition was saying.

Now the honourable Leader of the Opposition said that we paid \$5 million to Javelin for the equity of a bankrupt company. Well I do not want to rehash everything that went on last year, Mr. Speaker, but let me just say this: We would not have had to pay a plugged nickel if we had had a proper trust deed with proper foreclosure provisions so that we could have gone, under the law, and ceased and foreclosed on this. Not only was the trust deed inadequate, not only were its provisions barbaric as far as the protection of the lender was concerned and the guarantor of the Newfoundland Government, but the trust deed was slapped together at the last minute and executed improperly by Canadian Javelin Limited and the other companies involved. This was brought to the attention of the last administration by Montreal

Trust Company (I do not know whether the honourable gentlemen opposite knew about it) that it had not been executed properly by the Javelin Company and that there was no certified resolutions of directors' meetings of Javelin approving the execution of it. Nothing was ever done about it. Javelin solicitors were able to say to us that the trust deed was never properly executed by them. It was ineffective

In addition to which the provisions in the trust deed themselves were ludicrous so that if we took any action under the trustee we would have been in court for months, construction would have stopped, the cost would have escalated tens of millions in the meantime and we were stymied. So we only had to pay Javelin a nickel, we only had to enter into that agreement with them because there was no proper protection by whoever was responsible for the agreements that were entered into in 1969-1970 with the Javelin Companies.

AN HON. MEMBER: The Progressive Conservative Government were not in power then, were they?

MR. CROSBIE: No, no the last administration was in power, certainly not the Progressive Conservative Administration. If there had been a proper trust deed, if there had been a proper legal provision in the trust deed, if it had been properly executed by Javelin we could have moved in, got the court to appoint another liquidator and an administrator and taken over and we would not have had to pay Javelin anything but, because we were left in such a barbaric position, we had to make the best deal we could with them. I will deal with these points in more detail tomorrow when I have it all organized a bit better, but I just want to mention something this afternoon.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: No, I want to give the information on something else. I cannot resist this because the Leader of the Opposition, Mr. Speaker, and he was generally, I think, serious in what he said but one thing he said is really not reasonable and I have to riposte to his statement. He questioned the salary we are paying Howard Ingram, the president of the company, and he said he found this a staggering amount of money and that Bowaters manager might get \$50,000 a year and, what is the range of these salaries in Canada? I will give that information tomorrow, I have that down there. \$75,000 is reasonable for a president of a

company as large as this. But anyway he was staggered and he was shocked and a bit horrified and gasped and nearly lost his breath when he heard what this man was being paid.

Now, Mr. Speaker, do you know what was paid to Mr. Doyle in the two years, 1970-1971, that came out of this project, out of money guaranteed by the people of Newfoundland, \$430,608.32. Now surely one would have thought that the hon. gentleman would have been a bit shocked, that his breath might have been a little taken aback by this amount.

MR. ROBERTS: Repeat that amount, Sir?

MR. CROSBIE: \$430,608.32. Now I know this is irrelevant and that we should not go into the past, we should not mention it but here is the arrangement. This is what Mr. Doyle took out of this in 1970-1971 and hon. gentlemen probably did not know about it. His salary was paid by Javelin Export Limited, Mr. Doyle's, that is the company down in Bermuda. The arrangement was that Mr. Doyle would receive a consultant's fee of \$25,000 per quarter, that means every three months, plus an expense allowance of \$170.00 per day if in Canada or \$400.00 per day if outside Canada. Any exceptional expenses were in addition to the expense allowance. Javelin Export then charged the various Javelin Companies a salary and expenses on a pro rata basis and the bulk of this was charged to this project.

In 1970-1971 here is what was charged to this project. 1970 Javelin Forest paid Javelin Export for Mr. Doyle, consulting fees \$29,750; expenses \$33,282. Javelin Paper paid Javelin Export for Mr. Doyle, in 1970, \$20,265 and expenses \$19,750. That made a total paid Mr. Doyle for fees and expenses in 1970 out of this project for money guaranteed by the government \$103,047. He was not working full-time on this and he was not even president.

MR. MARSHALL: Mr. Speaker, I wonder if we can leave the opposition in suspended animation.

MR. CROSBIE: Can I give them 1971, Mr. Speaker?

AN HON. MEMBER: By leave.

MR. CROSBIE: I will just give the total. The total paid out of this project for Mr. Doyle in 1971 was \$214,150.32 comprising \$59,491 in consulting fees and \$154,659.32 expenses. So that made a total for the two years of \$317,197.32. Now I think that is a little odd and a little high although we know Mr. Doyle is a very valuable man. In addition, there is an apartment in Montreal at \$1,900 a month and so on and so forth and these things total to \$113,000 altogether, \$430,000. Now I cannot resist just pointing that out. Mr. Ingram is not paid too much.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: No, these are already paid but we are deducting anything - That money is already gone but we have not deducted anything since then.

I adjourn the debate, Mr. Speaker.

MR. MARSHALL: Mr. Speaker, I move that the House at its rising do adjourn until tomorrow, Friday, at 3:00 P.M., and the House do now adjourn.

On motion the House at its rising adjourned until tomorrow, Friday, March 23, 1973, at 3:00 P.M.