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**VERBATIM REPORT**

**Monday, March 26, 1973**

**SPEAKER: THE HONOURABLE JAMES M. RUSSELL**

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Gentlemen, before commencing this afternoon's proceedings it gives me great pleasure to welcome to this honourable House two groups of people from out of St. John's. The first group is the group from the District Vocational School on Bell Island, a group of thirty-six students from the adult centre in that community accompanied by their instructors, Messrs. Greeley, Rose, Halleran and Pincent.

The second group are four members of the Community Council of Burlington in the district of Green Bay. It gives me great pleasure to welcome these groups to this House and I trust that your visit here will be interesting and informative.

HON. WILLIAM DOODY: (MINISTER OF INDUSTRIAL DEVELOPMENT): Mr. Speaker, today the honourable the Premier and the honourable Don Jamieson, the Minister of Regional Economic Expansion, announced an amendment to the Special Areas Agreement and I would like at this time to provide some additional information to this House in this regard.

The amendment will provide additional funds amounting to nearly \$25,000,000 for the construction of (excuse the expression) infrastructure facilities in the province. Approximately one half of the amount will be in a form of contributions and the other half in loans. The additional money will fund nineteen projects in seven of the eight special areas designated in the agreement which was signed in August, 1971, and expires on March 31, 1975.

The amendment which will increase the total amounts payable by the federal government under the agreement to almost \$90,000,000 in contribution and \$46,000,000 in loans, is the result of a periodic review of the agreement. Schools dominate the proposed new expenditures, reflecting the long standing deficiencies in education facilities and the need for substantial investment to meet the forecasted population growth. The proportion relating to municipal services is the result of residential, industrial and commercial growth demands in the special areas.

In the St. John's special area, 110 acres of rail serviced land will be acquired to help with the second phase of development of Donovan's Industrial Park together with the construction and equipping of the Mount Pearl Junior High School and the St. John's West Elementary School. These projects will cost seven and a half million dollars.

Water supply for the town of Burin and servicing of residential and commercial land on Burin Inlet and water supply for Fortune, internal servicing of two subdivisions in Marystown and construction and equipping of a high school in St. Lawrence are the projects agreed on for the Burin special area, at a cost of more than \$5,000,000.

Servicing residential and industrial land and constructing a sewage treatment plant and building and equipping a high school for the Town of Gander, together with servicing the extension to the Grand Falls Industrial Park will cost an estimated \$3,400,000 in the Gander, Grand Falls special area.

An elementary school at Steventville Crossing will be constructed and equipped in the Steventville special area. It will need an expenditure of more than \$2,000,000.

In the Corner Brook special area more than \$750,000 will be committed to increase the capacity of the water system in the West End of the city and to relocate the source of water supply for the East End.

The Marine Service Centre: This will integrate marine facilities, docks and slipways, a new water supply system, a new sewer system and an access road will be built at Port Saunders in the Hawkes Bay, Port au Choix area, at a cost of more than \$1,300,000.

A replacement for the inadequate Happy Valley water supply will require an expenditure of more than \$750,000 in the Happy Valley special area.

All new projects are scheduled to begin this year.

In the Come By Chance special area, because of major new developments proposed, additional projects are not proposed at this time.

We hope within the next few days to bring in an amendment to the Special Roads Agreement which is not included in this particular amendment. I might say at this time that this particular amendment does not reflect the policy that we hope to bring into being with the third DREE Agreement which we will be negotiating or beginning negotiations on shortly, Mr. Speaker. We will hopefully have more emphasis on resource and on industrial development in our third agreement - without in any way detracting from the necessity for the services that we point out in this amendment.

This \$25,000,000 additional which is over and above the original agreement will bring the DREE spending of this year up to the same level that it has been over the past several years and I think that it is a tremendous asset to the province and will be a great help in regard to employment in the services for the coming year.

MR. W. ROWE: Mr. Speaker, if I may, I would like to make a comment and ask a question or two on this matter announced by the minister. Ordinarily matters like this are announced in the House of Assembly. I understand the constraints the minister and the Premier were under, because they have to dovetail it with the convenience of the federal government as well. It is too bad that we could not have heard it first hand here, but there it is.

One or two comments, Mr. Speaker. It should be recorded that this is a year and eight months since the last DREE Agreement was signed. It was the original intention - which we can see from statements made by the Minister of DREE, Mr. Marchand and myself a couple of years ago - it was the original intention to try to sign a DREE Agreement every year for the five year period. A year and eight months has gone by before we get this particular announcement which is not a new third agreement but an amendment of presumably the second DREE Agreement. That should be noted.

The other point that should be noted is that the amount of \$25,000,000 is very small, relatively speaking, compared to the average which we were



able to get during the first two years of the operation of DREE, during the first two contracts. There was \$132,000,000 committed by DREE in the Special Areas Agreement and Highways Agreement over about an eighteen month period when we had the pleasure and privilege of holding office in this province. This \$25,000,000 is significantly less. I am heartened to hear that the minister hopes to bring in a Special Highways Amendment as well, which hopefully will increase the total amount. If we take out the \$50,000,000 highways money, which was committed earlier, and subtract that from the \$130,000,000, there is a total of about \$80,000,000 for infrastructure, so called, in the two previous agreements. So, this \$25,000,000 does not compare too favorably with an average of about \$40,000,000 per year which we were able to get.

The second thing that I would like to say by way of a comment and also to ask the minister a question; of \$132,000,000 or so that was previously committed, less the \$50,000,000 Highways Agreement, this brings it, as I mentioned, brings the infrastructure to about \$80,000,000. Now the minister says that there is \$25,000,000 additional. That should bring the total now for infrastructure up to about \$105,000,000. Yet, in the minister's statement he says that it brings the total up to nearly \$90,000,000. So, I can only assume from that statement (until the minister clarifies it, if he wishes to), that some of the money which is announced here is really reorganization or reassignment of money which was already committed. If it is not, then I would say that the infrastructure total or the public services total should be up around and well over \$100,000,000 at this point. To me there seems to be ten or fifteen million dollars missing somewhere along the line.

I only want to make these points, Mr. Speaker, at this particular time: Mainly that it seems to be a very small amount for infrastructure compared to what we had been accustomed to getting from DREE in Ottawa. The second point that I would like to make is that the time that has elapsed since the last agreement was signed is inordinately long, a year and eight months. It should have been signed about a year ago.

We still do not have the third agreement. I hope to say more on this during the Address and Reply, Mr. Speaker. I do not want to get into a debate now. I will say more about this in another debate when I speak in the Address and Reply but I think those comments should be recorded and the minister might want to answer the questions that I put to him.

MR. DOODY: I will. It has been noted and I hope it should be noted that this is not the sort of thing, as I remember, that used to go on in this honourable House when I sat in the galleries and watched when this party across the way sat on this side of the House. When there was a statement made, that was it, it was law and fiat and accepted as such and the honourable Opposition dared not speak.

The point that he make about the missing fifteen million dollars is an interesting one. The amounts of money can be totalled up to in excess of \$15,000,000. It is not a matter of signing an agreement with Ottawa, it is a matter of being able to get the cash flow to spend that much money. I will be only too happy to present to this House shortly a statement showing the cash flow in the amounts of money spent and the amounts of money that we did not use that were allocated by Ottawa during the previous years. We have some \$12,000,000 over and above this \$25,000,000, which we will be spending this year plus another million and a-half which has been allocated in previous agreements, which has been sitting around there waiting for somebody to do something with it.

Part of the reorganization of government which has been decried so loudly on the other side of the House, will hopefully bring a more efficient use of funds which are available in Ottawa, to the benefit of this province. This \$25,000,000 plus some \$12,000,000 which is left over, unspent from previous agreements, plus the million and a-half is nearly \$40,000,000 which we have here to spend which is not as large as the honourable member mentions in his great, flowing documents but which will be used and spent and spent properly. I might

say that this is being done in this year and not spread over the period of time that the previous agreements covered.

HON. J. CROSBIE: (MINISTER OF FINANCE): Mr. Speaker, before we present petitions, I would like to inform the House that the budget will be brought down on Friday afternoon, March 30, at three of the clock.

HON. H.A. COLLINS: (MINISTER OF MUNICIPAL AFFAIRS AND HOUSING): Mr. Speaker, I have a statement here that I would like to read to the House: For a number of years past there has been a Provincial Appeal Board which was appointed under the Urban and Rural Planning Act to consider appeals arising from the implementation of municipal plans in various communities in the province and also in the enforcement of such regulations as the Protective Roads Zoning Regulations which are administered by my department.

It has been the desire of this government to establish

regional appeal boards to replace the provincial appeal board so that better consideration can be given to the requirements of and the differences between the various regions in the province. It is with pleasure therefore that I announce the establishment of three appeal boards as follows: The Eastern Newfoundland Regional Appeal Board which will have jurisdiction over the Avalon Peninsula, the Burin Peninsula, the Bonavista Peninsula and the Isthmus of Avalon; the Central Newfoundland Regional Appeal Board which will have jurisdiction over that part of Central Newfoundland east of a line drawn from Hampden to Rose Blanche and west of a line drawn from Port Blandford to Terrenceville; the West Newfoundland Regional Appeal Board which will have jurisdiction over Western Newfoundland and Labrador. The members of the regional appeal boards will be as follows: In the Eastern Region the chairman will be Mr. Claude Dawe of St. John's and members will be Mr. Jack MacDonald of Kilbride, Mr. Ron Steele of Topsail, Mr. Walter Butler of Clarenville and Mr. Vince Edwards of St. Lawrence. In the Central Region the chairman will be Mr. Wilfred French of Gander and the members will be Mr. Norman Janes of Grand Falls, Mr. Rubert Short of Lewisporte, Mr. Cyril Locke of Springdale and Mr. Cecil Abbott of Botwood. In the Western Region the chairman is (I am not sure of the pronunciation of this name but I will try it) Mr. Don Dicesare of Corner Brook and the members are Mr. Jack Murdock of Deer Lake, Mrs. Theresa Ryan of Stephenville, Mr. Walter Downey of Codroy and Mr. Joseph Collins of Wabush.

HON. W.G. DAWE (MINISTER OF MANPOWER AND INDUSTRIAL RELATIONS): Mr. Speaker, on a point of personal privilege. In today's issue of the "Evening Telegram", under heading "Wabush Mines Closed by Wildcat Strike" there was one statement made there which is not true. It says, "Meanwhile the union was in touch with Mr. Dawe during the weekend and he invited union officials to come to St. John's for talks on the situation."

That is not true. I was in touch with union officials but I did not invite them in to St. John's. They told me during the course of the conversation that they would be coming to St. John's and I told them that I would be happy to meet with them and I would also be happy to meet with company officials if they decided to come to St. John's any time at all and I would meet with anybody from either party at any time.

This leaves the impression that I am siding with the union and I am not siding with either party. In the weekend edition of the "Evening Telegram" there is another erroneous story. "Dawe says Procon jumped gun in granting increase." This is incorrect. I did not say it. I was in conversation with a reporter from the "Evening Telegram" and he made that suggestion but I did not comment on it. I told him that that was his opinion and that it was not necessarily mine at all and that I would not say anything on that particular point. Even if it were my opinion, I would not have told him. I hope that they will make the necessary retraction of that statement. It is unfortunate that these little statements are made in these stories when they are writing them because it makes it very, very difficult for these very sensitive negotiations and happenings and so on and particularly where Procon people and the union people are involved here in Come by Chance.

While I am on my feet there was one other statement which appeared in the "Daily News", sometime ago, concerning the Bonavista thing, which was also incorrect but I decided at the time I would have nothing to say about it.

MOTIONS:

HON. T.A. HICKMAN (MINISTER OF JUSTICE): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a bill, "An Act Further To Amend The Trustee Act."

HON. J.C. CROSBIE (MINISTER OF FINANCE): Mr. Speaker, I give notice

that I will on tomorrow ask leave of the House to introduce a bill, "An Act To Amend The Social Security Assessment Act, 1972." The act number (56) of 1972.

HON. G.R. OTTENHEIMER(MINISTER OF EDUCATION): Mr. Speaker, I wish to reply to question number (182) on the order paper of March 21, asked by the hon. member for St. Barbe North. I should say in prefix to it that the hon. gentleman no doubt is aware under sections (84) and (85) of the Schools Act the responsibility for the distribution of capital grants and for construction of school buildings rests with the Denominational Education Committees. The question pertains to a petition from residents of Conne River, which was tabled in the House last April 26. This petition was submitted by the Department of Education to the Roman Catholic Denominational Committee, on April 28, two days after its tabling in the House, and the executive secretary of the committee has advised me that what was asked for in the petition is in fact being granted. In other words, plans are underway to provide additional classroom facilities for the students of Conne River and these should be ready for the school year beginning next September.

ORDERS OF THE DAY:

MR. NEARY: Mr. Speaker, I would like to direct a question to the minister responsible for pollution. Can the minister confirm or deny that -

MR. DAWE: Mr. Speaker, I do not think there is any minister in government responsible for pollution.

MR. ROBERTS: Mr. Speaker, to that point of order, there are a number of ministers responsible for pollution. The hon. gentleman in particular is responsible for it, according to the act which was passed sometime ago.

MR. NEARY: Mr. Speaker, I would like to ask the minister if he can



confirm or deny that the chairman of the Clean, Air, Water and Soil Authority has resigned?

AN HON. MEMBER: What minister are you asking?

MR. NEARY: The minister responsible for pollution.

AN HON. MEMBER: He is not in the House.

MR. NEARY: Well, Mr. Speaker, could the hon. the Premier tell us whether the chairman of the Clean, Air, Water and Soil Authority has resigned or not?

MR. MOORES: The answer is, Mr. Speaker, I do not know but the minister in charge of the environment I am sure will reply to the hon. member on the subject which he so obviously wants to be associated with and that is pollution as opposed to the environment, and I think that is the Minister of Provincial Affairs.

MR. NEARY: Mr. Speaker, would the minister care to answer the question?

MR. MURPHY: (Inaudible).

MR. NEARY: Well, look some minister, some minister on the other side. I do not know who is responsible for this right now. Will the minister responsible for Mr. Oakley, the chairman of the Clean, Air, Water and Soil Authority, would he inform the House whether Mr. Oakley has resigned or not?

MR. HICKEY: Mr. Speaker, I am not sure I am responsible, but Mr. Oakley is responsible for himself. I guess I am responsible for the department that he works in. The only thing I have to say is that I will confirm that I have a letter of resignation from Mr. Oakley. That is all I have to say on the matter.

MR. NEARY: Mr. Speaker, a supplementary question. Would the minister indicate the reason for Mr. Oakley's resignation?

MR. HICKEY: I have nothing further to say on it, Mr. Speaker, at this time. If there is need or if there is necessity to enlarge upon what I have said, it will be done at an appropriate time.



MR. NEARY: A supplementary question, Mr. Speaker. Was Mr. Oakley fired or is he voluntarily resigning?

MR. HICKEY: I just said, Mr. Speaker, I confirmed receiving Mr. Oakley's resignation. If people are fired, they do not usually resign they are usually fired.

MR. ROBERTS: Mr. Speaker, a further supplementary question. Mr. Oakley, as I understand it, is also assistant deputy minister, although there is more than one in that department. Does his resignation as chairman of the authority carry with it or is it also his resignation as assistant deputy minister of whatever branch of a department he works? In other words, is he leaving the government service?

MR. HICKEY: Mr. Speaker, it is my interpretation that it does cover both areas because when the bill that was passed before the House becomes law, of course, Mr. Oakley is then assistant deputy minister, officially. So one position would disappear and the other one would apply.

MR. NEARY: A supplementary question, Mr. Speaker, what steps are being taken to replace Mr. Oakley?

MR. HICKEY: I have not had a chance, Mr. Speaker, seeing it was only Friday, I have not been in touch with anyone to advertise yet.

MR. NEARY: Mr. Speaker, I have another question for the same minister. Would the minister indicate to the House whether or not there is any foundation to reports that another spill has occurred at the phosphorous plant at Long Harbour due to a split in a concrete storage tank?

MR. HICKEY: I have no information

Mr. Speaker, but I will certainly endeavour to find out for the honourable member and inform him.

MR. NEARY: Mr. Speaker, I would like to direct a question now to the honourable the Premier. It is in connection with the strike at Come by Chance. Would the honourable Premier indicate to the House whether either party who was on strike was in contact with the government or with the Premier over the weekend and what was the result of these discussions.

MR. MOORES: Mr. Speaker, the Minister of Labour I think would be better equipped to answer that one.

MR. DAWE: Mr. Speaker, there was not much on that over the weekend.

MR. NEARY: Well, Mr. Speaker, will the Minister of Manpower indicate whether or not representatives of the union in Wabush had been in touch with the Minister of Manpower and Industrial Relations concerning the wildcat strike at Wabush?

MR. DAWE: It was the union and company.

MR. NEARY: Mr. Speaker, a supplementary question, is the minister aware that the company in a public statement today accused the minister of procrastinating on this strike, causing the strike to go on for another couple of days when he could have sent the government aircraft -

MR. SPEAKER: Order, please! The honourable member for Bell Island is entering into a debate now and he is not asking a question.

MR. NEARY: No, I am not, Mr. Speaker, I am asking the minister if he is aware of a statement that was made. And if so, if the minister is aware of this statement, Mr. Speaker, why did he not send the government aircraft to bring the union officials to St. John's or is the government aircraft reserved for members of the government to go on fishing trips and pleasure cruises?

MR. DAWE: It is mainly because we wanted to get them here before the weekend. We unfortunately do not have Mr. Lundrigan's jet

to call on any more.

MR. NEARY: It is rather unfortunate, Sir, because the strike is going to cost an extra \$100,000, \$100,000 a day, as long as it continues. Now I would like to ask the honourable Minister of Finance a question, I am not sure the Minister of Finance can answer this or the Minister of Manpower, but either minister could answer. Are they aware of the wildcat strike at the Limerboard logging operations in Goose Bay? If so, has either party been in touch with the government and what steps have the government taken to resolve this dispute?

MR. CROSBIE: I am not aware of any wildcat strike there, I will check this right away.

MR. NEARY: Mr. Speaker, I would like now to direct a question to the Minister of Public Works and Services. On Friday, Sir, the Minister of Public Works and Services informed the House that two contracts had been awarded to Babb Construction on the Carbonear Hospital without calling public tenders, which is not stated government policy. Will the minister now tell the House what work Babb Construction actually did on the hospital in Carbonear? Did they do the excavation? Did they pour the concrete?

MR. SPEAKER: While the minister may answer that question, it is more properly suited for the Order Paper.

MR. EARLE: I will take that as notice of question and I will get the information for the honourable member.

MR. NEARY: I wonder while the honourable minister is getting that information, Mr. Speaker, would he also get the cost, the value of these two contracts?

MR. M. MARTIN: I have a question that I would like to direct to the honourable the Premier. The question pertains to a promise made by the Premier, on December 13, 1972, to the Federation of Labour, that he would have established a labour standards committee for the province. I would like for the honourable gentleman to inform the House how far plans have progressed in this direction.

MR. MOORFS: Mr. Speaker, I think that could very well go on the Order Paper as well.

ORDERS OF THE DAY

On motion a bill "An Act To Amend The Health And Public Welfare Act, " read a third time, ordered passed and title be as on the Order Paper.

On motion a bill "An Act Further To Amend The Agreement Ratified, Confirmed And Adopted By And Set Forth In the Schedule To The Commodore Mining Company Limited (Agreement) Act, 1968, And To Make Certain Statutory Provisions Relating To That Agreement," read a third time, ordered passed and title be as on the Order Paper.

On motion a bill, "An Act To Amend The Tobacco Tax Act," read a third time, ordered passed and title be as on the Order Paper.

On motion a bill "An Act To Make Certain Provisions Respecting The Reorganization Of The Government And The Public Service Of The Province And Respecting Matters Connected Therewith Or Arising Therefrom," read a third time, ordered passed and title be as on the Order Paper.

On motion a bill, "An Act Further To Amend The Elevators Act," read a third time, ordered passed and title be as on the Order Paper.

On motion a bill, "An Act To Amend The Adoption Of Children Act, 1972," read a third time, ordered passed and title be as on the Order Paper.

On motion a bill, "An Act To Establish An Electoral Districts Boundaries Commission To Report Upon The Delimitation Of The Province Into Districts For Which Members Shall Be Returned To the House of Assembly, " read a third time, ordered passed and title be as on the Order Paper.

On motion a bill, "An Act To Amend The Stephenville Linerboard Mill (Agreement) Act, 1972," read a third time, ordered passed and title be as on the Order Paper.

Motion, second reading of a bill, "An Act To Ratify, Confirm And Adopt An Agreement Made Between Newfoundland and Labrador Edison Company Limited With Shaheen Natural Resources Company, Incorporated As Intervenor And To Make Provision Respecting Other Matters Concerned With The Agreement."

MR. MOORES: Mr. Speaker, it gives me great pleasure to present this bill to the House. It is very difficult with bill No. 60 to not also refer to bill No. 76, which is the change in the original agreement regarding the oil refinery. On

this particular Bill, No. 60, I will do the best I can, Sir, to confine my remarks to it and the agreement that is attached or is part of the bill. There are some comments, as far as the government are concerned, which led up to this bill being presented to this House for the establishment of a second oil refinery at Come-by-Chance. Would it be agreeable to do both of them together?

AN HON. MEMBER: Right!

MR. MOORES: It would be much easier, I think, if we did.

MR. W. N. ROWE: Mr. Speaker, as far as we are concerned on this side, if the Premier will allow me, maybe we can speak on Bill No. 60 with the understanding that we can dilate or enlarge our remarks to cover Bill No. 76 and then later the House Leader can introduce Bill No. 76.

MR. MOORES: Mr. Speaker, that makes it much easier to cover the waterfront, so to speak, in this particular bill because there was bound to be overlapping, one was tied so closely with the other.

We feel, Sir, that the project that has been previously announced and that we are now asking this House to ratify, the establishment of a second oil refinery at Come-by-Chance; the agreement that substantiates and will allow this refinery to go ahead, plus the changes in the original agreement, are a benefit to the province and one that I feel, as I say and I have said before, I am very proud that we have been able to arrange and negotiate.

Mr. Shaheen, as members on both sides of the House I think will agree, has been much maligned. Certainly if they do not agree that he was much maligned, I am sure they agree that he was much abused over the years when he initiated the original refinery, together, particularly, with my predecessor. I think in that regard I would like to say, Sir, that Mr. Shaheen probably took advantage of an unusually good opportunity at least one unusually good for Mr. Shaheen and his colleagues, even though in our opinion, and it remains the same, it was not a good agreement as far as the province is concerned.

However, it should be said at this time as well that without the initiation of the original agreement, I suppose there would not have been a Shaheen Natural Resources to carry on with the second refinery and possible other developments. Even though there was a great deal in the original agreement that was terribly detrimental to the province, it was beneficial in the fact that we did establish a procedure and a priority as far as deep-water ports were concerned, either by accident or design, and it is close either way.

This newest agreement, Mr. Speaker, regarding the changing of the supplementary agreement to the first agreement, and the new agreement for the second refinery, took many months of pretty intensive negotiations on occasion. The much publicized trip to the United Kingdom by some of my colleagues and myself were not, as was commonly thought, to negotiate with Mr. Shaheen but rather quite the reverse. Most of the negotiations had been done prior to that. The trip to the United Kingdom was to check with the British Government and the Export Credit Guarantee Department, known as ECGD, to find out if what Mr. Shaheen was telling us regarding the financing by the British Government was in fact correct.

One thing I can say here, Sir, which was a misunderstanding and I am sure it will be used by others speaking in this debate, which I found to be incorrect, was the fact that the amounts of the guarantees in the first agreement were only a formality as far as the British Government were concerned in cancelling them out, if Mr. Shaheen bought out the three Provincial Crown Corporations. This is an absolute fallacy because when we sat down with ECGD, up until the day before we left, they were adamant that these first guarantees of their first mortgage be still adhered to by the Crown Corporations, because they felt at that time that these were the same as the government and morally at least, if not legally, they certainly were. It was only on the day we left that



they agreed, together with the second refinery, that they would go along with removing these guarantees from the corporations and transferring them to Shaheen Natural Resources or Newfoundland Refinery if they bought out the first Crown Corporations, bought the shares. ECGD were anything but willing to give up this particular guarantee. I think it is safe to say that without the second refinery agreement there would have been no chance of that happening at all.

The details of the agreement itself, Sir, are spelled out in the main bill that is before this House. I would like to review a few of the main ones but before actually doing that I would like to make just a few remarks regarding the financing and the things that we had hoped to get which we did not and the reasons why not.

First of all a lot of people have mentioned, why did we not get an equity position for our loan to the now private company or proposed private company? Why did not the province get an equity position in this regard?

MR. ROBERTS: Presumably Edison is a private company.

MR. MOORES: Edison and if the supplementary agreement goes through, the first one, maybe it will all be a private company at that time. But particularly with Edison, in the second agreement, why did we not get an equity position in that regard? Mr. Speaker, we tried very hard to get an equity position but as we were told, and I think probably correctly, if we wanted to go into the oil business, we should build the refinery, get the crude and sell it as well (and that it is not the business of government) that we would get the royalty benefits plus the normal benefits one gets from advancing loans to companies to provide an incentive to attract them to the province. Mr. Speaker, \$78.5 million is a lot of money for the province to put up. I think, going through the financial arrangements, it is not too much to put up considering what in fact was negotiated.

In the original agreement the British Government loan or the ECGD loan, at the time of our negotiations, was \$110,400,000. This was

secured by a first mortgage as well as by a guarantee of the Crown Corporations that were involved. Since that time the devaluation of the American dollar, which has taken the Canadian dollar with it, has made that \$110 million much closer to \$120 million in fact. For the purposes of stating the case here today, Sir, I will stick with the original figures because other than that they could become very confused, even more possibly than they are already. There was an UOP loan of \$11 million which also had the Newfoundland Government's guarantee. The Newfoundland Government had loaned actually \$30 million cash and this was secured by a second mortgage.

The Canadian Government had a guarantee from Provincial Operating, which were the Newfoundland Crown Corporations, regarding the users' fee for the wharf. I will be dealing with this particular item later. This price now is between \$22 million and \$23 million.

Mr. Shaheen had an equity in the first proposal of \$10 million. The Shaheen loan which was raised last year upon demand by the agreement itself of some \$15 million must not be construed as equity by Mr. Shaheen but rather money that was loaned to Provincial Building who in turn lent it to the project itself. In effect, out of \$198.4 million that the first refinery is presently going to cost, the total guaranteed and loaned by the Newfoundland Government was \$188 million. Now in fact \$30 million of that was in cash only and the rest were obligations to the British Government through their ECGD and the Canadian Government in the wharf agreement. In effect \$188 million of the \$198 million was guaranteed or loaned by the Newfoundland Government, where Mr. Shaheen had some \$10 million actually in equity in the corporation itself.

MR. ROBERTS: I wonder, Mr. Speaker, if the Premier would table either the guarantees by the government of this money, except for the \$30 million which was loaned, or perhaps the authority for the guarantees?

Mr. Roberts.

We are genuinely confused. I know of the existence of a so-called full-comfort letter. This word "guarantee" means something to a lawyer that it may not mean to a layman. I wonder if the Premier could table those guarantees.

MR. MOORES: Mr. Speaker, the guarantee I referred to is the guarantee of the Crown Corporation. Now legally it can be argued that a crown corporation is not liable for any indebtedness it may have or so on but in fact any crown corporation that takes on a responsibility, it is also the moral responsibility of the government to back up its own crown corporations.

MR. ROBERTS: Leaving that aside, because that is a matter for debate - we will debate that, the Premier said the guarantee by the Crown Corporations. The Crown Corporations are the borrowers.

MR. MOORES: The Crown Corporations are the borrowers.

MR. ROBERTS: Provincial Building Company Limited are the mortgagors.

MR. W. N. ROWE: They are in fact the direct borrowers of the money.

MR. MOORES: They are the borrowers and they sell out to Mr. Shaheen

MR. MOORES: for some \$2,000, I think -

MR. ROBERTS: No, \$10 million.

MR. MOORES: \$10 million and a five per cent royalty, but \$2,000 for the actual shares, I think the honourable Leader of the Opposition will find.

MR. ROBERTS: Well we will straighten it out after.

MR. NEARY: Inaudible.

MR. MOORES: Mr. Speaker, I know the honourable member for Bell Island does not understand anything but baby talk, so maybe he should want to put up his hand to leave the room or something for a couple of hours, because he is going to have to listen to this whether he likes it or not.

The second agreement, Mr. Speaker, for the second refinery, is in fact a much more simple one than the first and that is that the ECGD loan would be now in the form of a first mortgage that would be owned by Shaheen Natural Resources, by their buying out the crown corporations. The Newfoundland Government loan of \$30 million would remain in the second mortgage position. The Shaheen equity position would be \$10 million and that in fact would mean that the Newfoundland Government would have \$30 million in cash loaned to the company and the Shaheen interest would have the balance of the money that happened to be involved, except for the wharf agreement, Sir, which I would like to deal with separately when I come to it because it is the part that is not finalized as yet.

MR. WM. ROWE: I do not want to make him lose his train of thought, Mr. Speaker, is there in fact now an agreement between the government and Shaheen Natural Resources to buy the crown corporation shares?

MR. MOORES: Yes I have a letter here which I will table in a moment, Mr. Speaker, as an agreement to do that, based on this particular proposal that we are asking the House to ratify.

The first agreement on the second refinery or the agreement

on the second refinery, Mr. Speaker, has an ECGD loan of \$190 million, based on a first mortgage. The Shaheen equity position of \$40 million and the Newfoundland Government loan on what is called, I think somewhere through here, subordinated to the first mortgage but in fact is a polite way of saying a second mortgage. I do not think there is any other word for it. It is in fact a second mortgage position of \$308.5 million in total for the second refinery, as I say, of which the British Government, through their guarantee export department, are putting up \$190 million, Mr. Shaheen \$40 million in equity and the provincial government \$78.5 million in the way of a loan.

Mr. Speaker, taking in the total of the two new agreements versus the present position or the position at least that we found ourselves in when we started to negotiate this, the amounts at the present time, the total guaranteed loan by the Newfoundland Government will be \$108.5 million; the total loan by the British Government through their ECGD department, \$311 million; the total equity and loan by Mr. Shaheen, sum in total \$50 million. As I say, the wharf agreement is not included in those figures.

The two refineries, the cost \$506,500,000 as opposed to the \$198 million commitment for the first refinery. These figures, Mr. Speaker, can be very complicated when you are reading them into the record such as this. I will table this information after but I am pretty sure the information in fact is pretty well known to most members of the House as it is.

One point I would like to make here, Mr. Speaker, is that here we are having 400,000 barrels of oil being refined at Come By Chance versus 100,000 today but the ironic part of it and I think a point worthy of note in these comments, is the fact that the British Government are now guaranteeing something of approximately \$311 million or investing \$311 million into this \$506 million project.

The Canadian Manufacturers Association, very naturally I believe, is very upset about the fact that Canadian goods are not being used in the refinery. Goods produced and goods supplied in Newfoundland as well as Newfoundland labour and so on, servicing, this has been written into the second agreement but the fact is that British manufactured goods are going into this refinery as opposed to Canadian manufactured goods.

The reason for this, Mr. Speaker, is that the British Government have an export credit department which allows for this sort of expansion whereby the Canadian Government in fact also have an export credit department that would allow this refinery, for instance if it was being built in St. Pierre for the Canadian Government, to assist in just exactly the way the British Government is, but in fact there are no internal workings of the Canadian Government that allow for this sort of financing.

I think possibly, Mr. Speaker, and somewhat off the subject, but the function of the Department of Regional and Economic Expansion itself possibly should be looking at the financing of the have-not areas of the country, to see if there is not some method of financing Canadian industry to participate in Canada's development rather than have to do it through the method that we are now looking at here.

But now, Mr. Speaker, I would like at this time to table one letter and this is the letter of cancellation that the honourable House Leader opposite mentioned a moment ago. This is a letter, it is addressed to me and it is signed by the principals of Labrador Edison Company Limited and executed by Shaheen Natural Resources, and we refer to the agreement, and this is a principal agreement between Edison and the government. Without going into all the preamble, it says, "This will confirm our agreement that unless within fifteen months after the date hereof, (a) Newfoundland Refining Company Limited shall have acquired the shares of



building company, holding company and operating company in accordance with and subject to the terms of the supplemental agreement and (b) the government is satisfied that all legal, financial, business and other responsibilities of the government to any person or authority whatsoever in respect of building company, holding company and operating company have been discharged.

"The government shall not be obliged to advance the sum of \$78,500,000 or any part of it under the principal agreement. We have taken communication of and agree with the government's position that unless the condition set forth in paragraphs "a" and "b" of this letter-agreement are fulfilled within the said period of fifteen months after the date hereof, the government will reserve the right to introduce in the House of Assembly and support as a party measure legislation designed to rescind the principal agreement and the supplemental agreement and to repeal all legislation related thereto."

I will table that particular document which is not attached to the original one. It probably should be, Mr. Speaker but it is not. I also have one here regarding the wharf agreement and I also have another here regarding the amendment to the first agreement that was originally signed.

Right now, Sir, probably it is better if I take the bill itself and go through it very briefly because I am sure the opposition will have a lot to say on it and I would rather in closing up to make any replies to any questions that they might have outstanding.

On page nine, in section (II), obligations of the government. In this regard there will be a slight amendment to the 1,077.4 acres that the Edison Company requires to build. On the land, they have written us to the effect that there is something like seven acres that should not be in this particular parcel, so there will be actually \$7 million less.



But in effect this section says that the land that is required at the Come By Chance Area be made available for the sum of \$1 million as part of the agreement. Now, Mr. Speaker, I will be talking about the precedents in this particular agreement a little later on, because one of them certainly is the sale of land for industrial development and in this case to the tune of \$1,000 an acre, not a huge sum for the type of land it is being used for but \$1 million certainly at least is some income to the province and it sets a precedent for any future development we may have in mind regarding industrial development in the province itself.

Section 2 (b) really only deals with right-of-ways as to giving easements on land that gives access to the mill itself

In respect of the major clause. Clause 2 (c), regarding the making the \$78.5 million available, in this regard the provincial government will be called on earlier than the other people in the agreement to install the first payments that are going to be required. The ECGD money will catch up very rapidly the second year and as a matter of fact will be far out-distancing anything that we will have to put in.

We figure our financing will have to be approximately twenty-five, twenty-five and twenty-eight point five over a three year period but in the second year the ECGD loan will pick up because after all it is mainly for equipment ordered and so on in the UK, whereas site clearing and so on will be the responsibility of Shaheen's equity position and ourselves.

One thing that should be pointed out in this clause as well, Mr. Speaker, is the fact that whilst the first principal loan has to be repaid to the British Government over the first seven years and our second mortgage position done over the following eight years, I think it is worthy of note to realize that in the

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mortgage agreements that have not been signed as yet, of course,  
there will be a speed up clause to the effect that after a fair  
return has been given to the company

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regarding dividends, profits and so on. Any excess money that is earned over that particular amount will be applied to our prepaid mortgage payments both for the first and second mortgages themselves.

Now regarding I think it is 3 (b) this is basically regarding the wharf agreement itself. Now it is our intention and hope, Sir, that we will be able to negotiate with Ottawa in that they can have the same confidence in us as the British Government does, in easing the wharf situation so that the refinery can pay it back, that is Newfoundland Refining Company Limited. BCGD has the confidence. I would hope that the Canadian government would have the same confidence. However, if they do not, there is another letter of agreement between ourselves or at least send to us by Newfoundland and Labrador Edison Company Limited which says, and once again I will forget the preamble, "This will confirm our further agreement that if Government of Canada shall not consent to the transfer of the outstanding shares of building company and operating company and the termination of all legal financial business or other responsibility of the government to the Government of Canada in respect to these companies, as provided in the supplemental agreement, and also to the use of the wharf by Edison, as provided in the principal agreement, the government and Edison shall each provide, whether in cash or guarantee, one half of the funds needed to enable building company and operating company to purchase the wharf from the Government of Canada, which funds will be repaid by operating company and building company to the persons providing the same as provided in the existing agreement with the Government of Canada except that the interest factors to be used shall be the interest accrued the persons providing the funds."

Mr. Speaker, in essence, and I will table this letter of agreements as well. In essence this means that if the federal government do not in fact go along with the purchasing of the three

crowns corporations, that Mr. Shaheen's company together with the government will pay out half of the wharfage. Now that means in fact that the Shaheen company will pay half of the wharf in cash through their guarantee or cash position and hopefully the provincial government if need be will have a situation with the federal government similar to the one we have at the present time. Hopefully that will not be necessary.

Following in 3(c) of the agreement itself, "The government will ensure that no provincial, municipal or other authority under provincial control within whose jurisdiction the project is established will enact or impose any discriminatory rules or regulations against Edison." This I think is fairly standard as is the forty per cent of municipal taxes, the total that is allowed to be taxed to any one given company in any one community, That is also standard.

The (f) in that section is not quite as standard "That we will cause adequate supplies of electric power to be made available to Edison at standard industrial rates." Later on in the agreement the standard industrial rates are spelled out more clearly but the actual usage of power is considerable by this company and we will have to plan the power requirements for industrial development generally in that area very carefully for the years ahead.

Regarding the construction of the plant, that there will be a qualified prime contractor, that there be not less than 300,000 barrels per day, that the lenders of the principal loan in reviewing and approving the plans and specifications of the plant and so on, in other words that we and the lenders of the principal loan will be allowed to check the design of the plant, the feasibility of the plant and so on to make sure that it is indeed what it should be.

Number five, in fact says that these are conditions precedent to the advance of any government loan to the company. First of all, "Edison shall have to commit to the government evidence satisfactory that they have irrevocable commitments for \$40 million

in equity. In 5 (b) that the Edison Company shall provide that they have arrangements made for principal loan and in this case we assume of course that it is going to be the British Government through ECGD to provide the necessary financing. (c) Edison Company shall provide the proof that they have sixty per cent of their products for at least five years sold in the American market. It is interesting to note, I think, Sir, that this low sulphur fuel product that has been contemplated for the second refinery is one of very great demand in the energy market today.

In the following section (d) it says that Edison must have a guarantee of sixty per cent of its crude oil requirements, these are standard for five years. These are standard conditions but that sixty per cent of the crude oil supply is probably a great deal more important at this particular time than any other clause in this particular group because it is as we know with the energy crisis as it is, with the major companies in the Middle East and North Africa and Venezuela and so on, being in a position such as they are in, knowing the demand for crude oil, it is very critical that the Shaheen companies proved to the government that they have very definitely, be it crude oil from the North African Continent or from the African Continent, North African they are talking about and the Middle East, are sewed up before we get into this. I am sure, Sir, someone will talk about the possibility of war in the Mid East but I do not think we can base our economic future on whether there will or will not be war anywhere. But this is one of the factors that is very important to the bill itself.

That independent advisers which will be referred to later on be set up. This of course is the feasibility study by people independent of Mr. Shaheen who can take a look at all of the facts and figures he has put forward to make sure that the government are getting involved in a good proposition.

Inspection on the site, that is once again standard, even though for a private company it probably would not be, but as long as there is government money involved the fact remains that we will be having inspection on the site itself.

The working capital for the project - this, Mr. Speaker, is one thing that is not spelled out in this agreement but which was a very clear understanding I had when we dealt with the British Government through their ECGD Department. That was that the \$40 million that Mr. Shaheen is putting forward for this project that this money be very definitely kept topped up to that amount for working capital. Because they feel very strongly that if they are putting up the money for capital expenditure as is the Newfoundland Government that there should be adequate monies available for working capital at the end.

Now there is a clause in here whereby if there is an over expenditure for capital expense, the Shaheen companies will in fact have the obligation to raise this additional money. What it is going to be I think a requirement of the first mortgage, I cannot say this for sure, but I would be surprised if it is not, is that the fact that the working capital money be kept in such a condition as to be definitely available when the project itself does start.

Number four I think is just a standard clause. Number five, it says, "If for any reason funds in addition to those provided by the Principal Loan, the Government Loan and the Edison Equity Investment (that is Mr. Shaheen's equity) are required to defray any part of the costs of the project, Edison shall provide such funds. Mr. Speaker, I think this was the same as in the last agreement. I think possibly Mr. Shaheen surprised some people when he did come up with the additional funds when it was required and it is a part of this agreement and a very important part as well.

We move on, Mr. Speaker, to the position of royalties in this particular agreement. The royalties themselves are



spelled out I think by standard definitions all the way through. One point I would like to make in regard to section (D), subsection (2), sales cost of five point one per cent paid or payable by Edison or the project operator. This was in the original agreement for the first refinery as well. Also in the first agreement was twenty-seven point eight per cent management fee to be considered as a deductible expense. This twenty-seven point eight per cent management fee is not in the second agreement. I think this should be made clear because this was a management fee that was in there as a cost to the project in the first agreement, a ridiculous fact really to put in this sort of a management fee for such a huge project, but this was the case. It is not the case in the second refinery.

I think the definitions other than that, Sir, are standard all the way through, without words of clarification. I would now like to move on to number 3 (E) on the royalties. This is in fact the five per cent of the gross profits which will be coming to the province at the end of a maximum of seven years but in fact could be much faster than that with the speed-up prepayment arrangement that is being negotiated for the first mortgage. The royalty of five per cent is calculated at \$4,000,000 a year of the gross profit and the royalty of five per cent of the net value, which does not start until after both mortgages are paid off, is calculated at \$2,000,000 which in effect then would last for five years because it is only up to a total of \$10,000,000 all together. This particular one is the same amount as the first refinery agreement as well.

Mr. Speaker, I think all the rest of these particular points here are standard as far as the agreement is concerned and are well known. On page (22), item (8), the Mutual Covenants of the government and Edison, the principal loan which shall be repaid over a period of seven years commencing at a date following the completion of the plant. This of course, as I said, is subject to prepayments if the earnings are as great as they are presently contemplated



and the same applies to the government loan, section (2).

In section (9),(1), the first clause is fairly standard and here we have the peripheries in which the agreement can actually be started under. That is that the construction has to be within two years and that the operation of the agreement must be finalized within five years, in order for this agreement to be ratified that we are asking here today. These of course are the outside figures to give the protection that are normally built into these things.

Number (3) in this subheading and I think this is important, Mr. Speaker that Edison shall, in the procuring of materials, equipment and labour and in selecting subcontractors for any work undertaken by it or for its account under the terms of this Agreement, give or cause to be given preference, where feasible and economic to do so, to material and equipment originating, manufactured or distributed and serviced and to subcontractors located in the province and prior opportunity of employment to qualified workmen whose usual place of residence is in the province. This is one clause, Mr. Speaker, that we as a government will ensure is very closely adhered to as will they

I think this one is of particular importance to us.

Under subsection (4) both (a) and (b) spell out the anti-pollution controls that must be associated with the construction of the second refinery. As we remember, a lot of the additional cost of the first refinery was the fact that there were not enough precautions taken for anti-pollution measures. This cannot be allowed to happen in this particular refinery.

Subsection (5) just spells out the fact that, as we have been saying, the SSA tax will be paid. This again is a precedent and will vary somewhere between \$12,000,000 and \$14,000,000 on the calculated amount for capital expenditure on equipment now.

Number (6), I think is a standard clause.

Number (7): If within fifteen months immediately succeeding the date of the ratification of this Agreement, Edison has not obtained an irrevocable commitment for the Principal Loan, or if within two years of the date ratification of this Agreement the Plant is not under

construction, the Government may upon notice in writing to Edison terminate this Agreement.

Number (8) that we shall retain the independent advisors in order to check the feasibility of the project which I mentioned before, which would be our intention, Mr. Speaker, upon the ratification of this agreement, of getting on with very quickly.

Mr. Speaker, in section (9) there is the right to permit a third party the use of the wharf. Now, in this particular section and also in section (10) immediately underneath it, it in fact gives Edison the right to have first refusal on the right of the wharf. It also gives him the right to have first refusal on anyone else locating with an oil refinery in the area, to build that oil refinery upon the same conditions as the government has with the potential new builder. Now, this was in the original agreement. It is still part of this one with the one difference that in the original agreement - and if we remember the hassle we had with Ottawa and the differences of opinion between Mr. Lang and particularly Mr. Lang and Mr. Smallwood - one of the main reasons was that no one was allowed to use the wharf except for Provincial Operating Company which in fact was the crown corporation which Mr. Shaheen had the option to buy and which in fact Mr. Shaheen controlled.

Now, this is not an improvement whereby there is total, what we would call a public wharf, but it is a considerable improvement over the first agreement, which now gives us at least the opportunity to provide another refinery if Mr. Shaheen cannot meet the same terms with the use of that wharf.

Number (11) in this particular clause is a standard clause as well.

Number (12) spells out once again the fact that nothing in this agreement shall be deemed to require the government to advance any moneys towards the costs of the project additional to the government loan.

To further that in (13) it says that the government shall have two directors. I think the rest of this particular bill itself in fact spells out the method of arbitration, the force majeure clauses

and so on which are once again, I think, standard.

Now, regarding the changes in the second bill. I think it is bill number 76. The changes that have been made in that particular bill are not particularly major. There are a few that are of significance, the offically changing even in this letter that I will table which I do not think was written previously to Mr. Smallwood, but which was never tabled. The letter which waived the two point five mills per kilowatt hour subsidy to the company - that is two point five that they are going to be charged so that they now pay full industrial power rates. This is in this letter that the power commission should be no longer, be required to buy fuel if not competitive from Mr. Shaheen's Refining Company. That Newfoundland Refining-Building Company Limited, Holding Company and Shaheen Natural Resources, hereby that the letter dated July 15, 1970 of Canadian Caribbean Oil Company Limited to the government and the letter dated August 29, 1970 of Provincial Refining Company and the Newfoundland Refining Company to the government relating to the sales of oil to the power commission and so on be cancelled. All this was, as I said, known previously and which I will table now for the benefit of the House. They are not major changes but they are changes of significance and principle, I think.

Mr. Speaker, I am not going to carry on much longer with the introducing of these bills because I think there will be several people who will want to speak more specifically on them and then I will answer specifically when the time comes at the seconding of the bills, the second reading but I think a few points should be pointed out as being very significant.

First of all that the speed up of the mortgage agreement in the mortgage clauses will be of major significance at the time that we retain both royalty payments and also for that matter tax payments, tax points and so on.

The revenue to the Treasury is a point that has not been made

I do not think clearly enough. Even though when the first mortgage is paid we get some \$4,000,000 a year in royalties and even though after the second mortgage is paid we get a further \$2,000,000 in royalties up to an amount of \$10,000,000, one of the major points that has been missed, Mr. Speaker, is the fact that the revenue from tax points, corporation tax, which is thirty-five per cent in - of the thirty-five per cent that they will be accessed, Mr. Speaker, thirteen per cent is ours of which we have a calculated

revenue of \$11 million a year. This will start either in the second or fourth year after completion, depending on what happens to Mr. Turner's write-off in Ottawa. What it boils down to is that ten years from the completion date of the refinery, we will have a direct revenue into the treasury of between \$135 million and \$160 million over and above the repayment of the loan. This is money that will be paid in. I can assure this honourable House as the Minister of Finance I am sure will do on Friday, this is money that is badly needed for either current or capital account in this province.

The number of jobs that will be created - like my predecessor, Mr. Smallwood, said at the time, "that is not the important thing." It is somewhat important at this time with the number of skill construction people that are going off construction jobs because of the fact that there will be 3,000 jobs for most of the three-year period that it will take to build the refinery itself.

One thing I think should be pointed out very clearly is the confidence that the British Government have in this development. Where at one time we through our crown corporations either owned - we gave Mr. Shaheen an option to buy and the crown corporations he controlled anyway - in fact we morally had the responsibility of the repayment or the loss or whatever. At this time the British Government are putting in, in the form of a loan, in excess of \$300 million of a \$500 million expansion. Mr. Shaheen's equity position has gone up to \$40 million in the second refinery from \$10 million in the first, for a total of \$50 million. The precedents that have been set in this agreement itself I also think to be important.

The fact that these refineries will be playing a full industrial power rate, which should be at a profit to the province, I think is beneficial. The fact that all taxes will be applicable and

here alone S.S.A., as I said, will be from \$12 million to \$14 million and the corporation taxes as well, plus the fact that there has been a land sale rather than a land giveaway, that there will be users' rates for water and so on.

Mr. Speaker, when you look at the figures of the \$78.5 million that we say we are lending, in fact we take \$13 million as the S.S.A. figure, (that is the middle figure between \$12 million and \$14 million) plus the \$1 million for land, which is a total of \$14 million, that in effect means that our loan by the time we have finally paid into the loan, we will in fact have some \$14 million back, which will make our net input into the project some \$64 million and not \$78.5 million. It created an easement for the wharf where none presently exists.

We have a letter of intent from Mr. Shaheen, which I do not have with me, unfortunately, or I would gladly table it. It agrees to train Newfoundlanders at the first refinery for skilled and managerial jobs in the second refinery. We have a first refusal for jobs, materials that we can produce in the province.

Mr. Speaker, the one thing that I think, in the broad terms at least, should be spelled out and spoken about very briefly is the potential of what will happen to the refinery location - this is the first and second refinery. I will just refer to it as Come-by-Chance, what can happen to this particular area once these refineries themselves are completed. You have heard a lot of talk in the past about petro-chemical industries, and they are still potential for this sort of development, if the petro-chemical climate in the world changes. At the present time the petro-chemical industry - well it is on the way back, a little bit now, but it was in a very depressed state for a long while.

Mr. Speaker, with the energy crisis that is so much talked about today and in the United States particularly but in Western Europe as well, the potential of getting industries into Come-by-Chance that



in fact need energy as their source of existence should be a very real possibility if we as a government put together the team of people that are required to go and sell the resources we have, such as deep water, the energy and so on. Any industry in the United States that is going to be depending upon energy for its existence will have to make up its mind on one or two things; either it stays where it is and hopes to cache the energy it requires or it will have to move to a location where it is guaranteed an energy supply. We have in Newfoundland, of course, and Labrador several opportunities in this regard; one being the hydro-electrical opportunity in Labrador. But here you have the ice problem on the coast, which is a subject of study by the university right now, by the way. The other opportunity you have is petroleum energy, of course, with the ice-free deep water ports on the south coast of our province.

I personally think that the deal we have signed here is a good deal. I think it is a beneficial deal to the province. I am not saying it is the best deal the province could get. There is always I suppose a way you can get a better deal. It was the best deal that my colleagues and I could work out. I think we did a fairly good job for the province. I am speaking on behalf of them. It certainly was not for the lack of effort, anything that we have missed.

I think the province will get considerable revenue, Sir, in the future, not just from the jobs but from the actual revenue going into the Treasury. I would just like to close the introduction of these bills by saying one thing that over the years we have had with Mr. Shaheen and the oil refinery at Come-by-Chance and other people I suppose in this Legislature a great deal of recriminations and the involvement of personalities. Here we are today introducing a bill that has Mr. Shaheen as the head of it. He has yet to disprove to me that he is anything but sincere and honest in his negotiations. I do not think, Sir, he will. For both sides of the House, personalities

have been involved in debate in the past, with justification when it came to the first agreement I think, but it should be the agreement that was debated, and for political reasons or otherwise the names and personalities have been bandied around this House, whether it be John Shaheen, George McLean or who have you.

I think, Sir, that on a bill as important as this, for that matter, the whole mood of this House, I think when we are attacking a principle, we are doing something that is worthwhile. When we are attacking an issue, I think we are doing something worthwhile, if we are in opposition. When we are defending it, we are doing what government should do.

I think, Sir, the one thing that we should all be more cognizant of than we are is the fact that we can in fact and not for the lack of trying destroy personalities by innuendo, by accusations in this House.

I think, Sir, in this particular bill, a great deal has been said, as I have said, in the past, regarding the personalities involved. I would ask, Sir, that both sides of the House keep in mind the fact that we are dealing here with a principle not a personality.

MR. W. N. ROWE: Mr. Speaker, it is with some interest that we listened to the honourable Premier introduce these bills into the House. Interest, Sir, because we have already gone on record for the past several years and now and hopefully in the future as being in complete and absolute support of the principle of the main bill in this House today. We view these negotiations and the perspective ratification of the agreement by this House as a continuation of the policy initiated by the former administration, under the leadership of Mr. Smallwood and with several ministers involved, including ministers on that side of the House and on this side of the House. We support completely and absolutely the principles

and the main principles enunciated in the bill.

The only thing which is a little difficult to swallow, in spite of the Premier's plea for sweet reasonableness, just before he sat down, is the callous cynicism which has been evidenced by the present administration in their reversal of policy as stated formerly to the people of Newfoundland and as against the bill which they now bring in. But aside from that, Sir, there is no question at all that we support the principle of this bill. How could we do otherwise, Mr. Speaker? Far be it from us to do otherwise. How could we do otherwise? The bill is in essence and mainly and substantially a replica of the bill that was brought into this House in 1970 and earlier in 1968 but the two bills, the 1968 and the 1970 bills - this present bill is in large

measure a replica of those two bills with one or two changes for the better I think, which I will deal with later and which other members of the opposition and undoubtedly the government will deal with later as well.

What I would like to do, Mr. Speaker, before going into other aspects of the bill, is to compare for the record, to compare the two refineries which will be going in Come by Chance, one nearly completed and another one which is probably a year or two away from commencement as far as construction is concerned. Compare the terms and conditions of the two refineries to see just how much improvement there is in this present bill over the two bills which were formerly brought in or previously brought into this House. I will use the figures which the honourable the Premier gave when he made the announcement in the House sometime in February, February 26, I believe. I will use those figures to try to compare the onerousness, the burdensomeness of the terms on the government and on the other parties and the benefits which will accrue to this province as a result of the terms and conditions in both agreements and other the several pieces of legislation.

In the first refinery which is now under construction, Mr. Speaker, there was a provision that E.C.G.D. guarantee to the syndicate of bankers the repayment of a certain amount of money. The whole thing is rather complicated. Actually, bankers lend money to the crown corporation, the building company, and that is guaranteed by E.C.G.D. and the prime borrowers are the building company, the crown corporation itself. For the sake of simplicity, as the Premier has done, let us talk about the British Government loan, the loan of the British Government, the amount of obligation which the British Government has in respect of the first refinery and later in respect of the second refinery.

The British Government puts into the first refinery in present day values, I believe an amount of \$120 million, secured by a first

mortgage with the repayment to be made by the crown corporation. Again, for the sake of getting rid of any confusion, the Premier kept referring during his remarks to a guarantee by crown corporations. But the crown corporations, Sir, were actually the borrowers and they themselves have obligated themselves, under the agreement and under the mortgage deeds, to pay back the money. I think perhaps he was confusing that with the comfort letter which we will refer to later which the provincial government gave to E.C.G.D.

In any event, the British Government put in \$120 million, secured by a first mortgage, to be repaid by a crown corporation of the Government of this Province. The Newfoundland Government put in \$30 million, secured by a second mortgage. We stand behind the the British Government in the event of any defaults in getting our money out of that project.

Shaheen, (and I use the term Shaheen embraceably, comprehensively, to comprehend the various companies that he is involved in) Shaheen agrees to put in and puts in \$10 million which we will consider to be his equity into the first refinery.

The wharf is to be built at a cost of \$21 million dollars for the first refinery and a crown corporation guaranteed to the Government of Canada that if the toppage and sideage does not repay the amount of that money, the crown corporation itself will repay the money. Not the Government of Newfoundland but the crown corporation will repay that money to the Government of Canada. A further \$15 million was raised by Shaheen, to rely on the Premier's information, and I do not know whether that was guaranteed by the government or not. It could not be legally guaranteed by the government, it was raised by Shaheen and presumably the obligation runs from the building company once more to pay that back to the prime lenders of the \$15 million. \$15 million raised by Shaheen and the wharf costs a further \$2 million, according to the Premier's figures. The Premier says that there is now a total of \$198 million of which \$188 million,

that is all but \$10 million of the cost of the refinery and wharf, is an obligation of the government.

MR. MOORES: That is what the government have at risk.

MR. W.N. ROWE: Well, right, that is a matter for debate. The crown corporations have at risk, whether the government have it at risk or not is another question, Mr. Speaker.

There has been said over the past couple of years and in this House, again when the Premier made his remarks, although he did not make too much of a clear reference to it today, it has been said that there is a moral or practical obligation by the Government of this Province in consideration or with respect to the Government of Great Britain and the Government of Canada, a moral or practical consideration by the Government of this Province to repay to the Government of Canada the amount of money for the wharf in the event of default and to pay to the Government of Great Britain the amount of the E.C.G.D. guarantee or the E.C.G.D. advancement or loan in the event of default.

I think it has been generally admitted, on both sides and by all people who have commented on the first refinery, that there is no legal obligation on the part of the government itself as an entity, the Government of Newfoundland and Labrador, to pay anything to anyone with the exception of the \$30 million which was in fact loaned by the government. In other words, the legal risk of the Government of Newfoundland and Labrador is \$30 million in respect of the first oil refinery at Come by Chance. It has been said by the Premier and others, inside and outside of this House, that in addition to the \$30 million there is a moral or a practical obligation on the part of the Government of Newfoundland and Labrador to pay all the rest of the money as well, with the possible exception of the \$10 million which Mr. Shaheen himself is putting into the deal.

This is where the Premier gets his figures, Mr. Speaker, when



he says that the government is on the hook for \$188 million as against the total cost of the refinery which is \$198 million.

Now, Sir, as I said, it has been admitted that there is no legal obligation as such. I want to enquire into and to look at this whole thing as fairly as I can, Mr. Speaker, and look into the whole situation with respect to the first refinery and the second refinery in order to see what in fact is the government's obligation, practically, morally or legally in respect of the first refinery and the second refinery. In doing so, Sir, I want to clearly state that I am not considering the position or the situation or the prospect which could arise if for some reason or other the first refinery were to fail or the second refinery were to fail as far as the present monies or the present commitments are concerned. In that case, you would have the situation that arose in Nova Scotia with regard to the heavy water plant, where the government had to take the decision as to whether they would close down the heavy water plant or put additional money into it. We had this situation arise here with the regard to the linerboard mill, where the government had to take a decision and this House had to take a decision as to whether they would in fact close down the linerboard plant, because the costs had escalated, more money was needed, or to pour more money into it.

I am not talking about that situation as far as the refineries are concerned. I will assume that the refineries can be built, the first refinery can be built for \$198 million, including the wharf, and the second refinery can be built for the amount the Premier has mentioned, \$305 million, I would imagine. So we just separate that situation altogether and just talk, Mr. Speaker, about the government's position in the event of a default by either the crown corporation in respect of the first refinery or the Edison situation in respect of the second refinery. If more money is needed, then the government will have to take identically the same decision in respect of both

refineries. If they decide to allow it to close down and put no more money into it, what then? Is the liability legally, practically or morally in respect of the monies already committed to both refineries?

If the first refinery cannot live up to its obligations, if the building company, the crown corporation cannot live up to its obligations to the British Government or in the event that Shaheen Natural Resources takes over, they cannot live up to the obligations, then the British Government goes after other people who

stands behind these obligations, Mr. Speaker. To look at the situation which my colleague and I and the former Premier negotiated, if the first refinery were to close down and ECGD were to try and realize its \$120 million out of the assets of the first refinery and fail to do so, then they would go after any possible guarantors, any people who put their name on the line in respect of that first refinery. The British Government would go after the crown corporations and they would find that the crown corporations as they then existed had no assets except the refinery itself, Then they would presumably come after the Newfoundland Government to see if the Newfoundland Government would pick up any of the money which the British Government have lost as a result of the refinery say going bankrupt or going under.

Now, Mr. Speaker, what position would the Newfoundland Government take as far as the first refinery is concerned and assuming that the buidling company and the crown corporation were still on the hook as far as that first one is concerned? I would say, Mr. Speaker, that any government of Newfoundland and Labrador who was called upon by the British Government to guarantee or to give extra money to the British Government because they could not get enough out of the first refinery when they took it over say, any government of Newfoundland and Labrador would be well within its rights to laugh in the face of the British Government and ECGD and tell them not to bother the Newfoundland Government with such nonsense and such foolishness.

Remember, Sir, that the British Government have not done any favours to the Province of Newfoundland and Labrador in respect to the first refinery or the second refinery. They have done no favours. The British Government got into the first refinery deal for one reason and one reason only, to do the British Government and the British people a favour. The British Government have guaranteed loans by the British banks. Why have they done that, Mr. Speaker? The only reason why they have done that is for the sake of export,

to get more exports out of Britain, out of England and other parts of Great Britain, to improve their balance of payment situation, to increase the viability and the stability of the pound, to keep more people in Britain working and to make sure that the factories are operating at a maximum capacity.

This deal by the British Government, Mr. Speaker, by guaranteeing or lending \$120 million to the first refinery, was no favour to Newfoundland and Labrador, it was a favour to themselves and it was a pure and simple business deal. It was an ordinary business deal which is done by every other sophisticated country in this world with regards to the guaranteeing of export credits. The British Government lend \$120 million to the first refinery, Sir, on the basis of feasibility reports and painstaking studies which they themselves made. They made sure that their risk in respect of the first oil refinery was as small as human ingenuity could make it. They made sure, Sir, that the money which they are lending to the first refinery gets back to the British Government in the shortest possible time and at good interest rates. This loan by the British Government in respect of the first refinery, Mr. Speaker, was by no means interest free, it was at good interest rates consistent with the interest paid for similar commercial enterprises all over this world.

AN HON. MEMBER: They were low rates.

MR. ROWE, W.N. They are low rates but low compared to say if you went to IAC to get it. But the normal ECGD guarantee and the interest rates are exactly the same and about the same as Hermaeys in Britain, for example, There may be a fluctuation of a point or two. But that is not the point anyway, Mr. Speaker, the point is that ECGD got into the first refinery situation with its eyes open, as a commercial venture, an ordinary business deal, to make sure that there were jobs opened in Great Britain, that their factories operated, to increase the stability of the pound, as I have said, to make sure that the balance of payments surplus or deficit, the surplus would be as

great as possible or the deficit as small as possible.

In addition, Mr. Speaker, they took a mortgage on the assets of the first refinery. The amount of their mortgage and the amount of their loan is about three-quarters of the then cost of the oil refinery which the previous administration negotiated.

Mr. Speaker, the whole of the commercial world knows all of this, what I have said. They know that ECGD got into this as an ordinary commercial deal, for the benefit of their own country, not as a favour to Newfoundland and Labrador. They would do the same thing for any other country in this world, any other province or state in this world, if it were a feasible project and if it were a project which would mean that machinery would be supplied by the Great Britain factories and that British people would be working and the balance of payments would be favourably affected.

If there were a default under the original deal negotiated and finalized in 1970, if there were a default by the crown corporations or anyone else under that originally negotiated first refinery deal, this government, Sir, the Government of Newfoundland and Labrador not only could but should and I would submit would refuse to pay to the Government of Great Britain one cent more than the amount which the Government of Newfoundland had already put into it, namely \$30 million.

I would further submit, Sir, that this refusal by the Government of Newfoundland and Labrador to pay one cent more than the amount of their already committed money, \$30 million, would not affect Newfoundland's credit by one iota for that particular reason, would not affect Newfoundland's credit at all. Why should it affect Newfoundland's credit? Every commercial enterprise, every lending institution in the world knows the type of deals that ECGD gets into. So for that reason it would not affect Newfoundland's credit. Newfoundland's credit would be affected if the refinery went bankrupt obviously, but not because the Newfoundland Government did not stand

behind it, but because the refinery itself went bankrupt, just as if the second refinery were to go bankrupt where the Newfoundland Government have admittedly no moral or practical or any other kind of obligation outside of its \$78.5 million, that also would affect the credibility or the credit rating of this government.

So the point that I am trying to make, Sir, is fairly and squarely as possible in order to compare the two deals, the first oil refinery and the second oil refinery, is to try and get rid of this notion that for some reason or other the Newfoundland Government were on the hook for \$188 million. It has been admitted I think that we were not on the hook for that amount of money, legally, in any legally binded way, All we were on the hook for legally was \$30 million. But there has been some thought or some suggestion made that because it is a crown corporation involved, therefore the Newfoundland Government are on the hook morally and practically. I think the present government have relied to a considerable extent on some comfort letters which the former Premier sent to ECGD, which stated in effect that -

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. Well somebody mentioned it before. It has been mentioned.

The only way that this moral or practical obligation can arise, Mr. Speaker, is because the former Premier sent,

MR. MOORES: Would the honourable member for White Bay South permit a question.

MR. ROWE, W.N.: Sure.

MR. MOORES: Is he stating the fact that governments that create crown corporations have no obligation for their debts?

MR. ROWE, W.N.: If the Premier will allow me?

MR. MOORES: Yes.

MR. ROWE, W.N.: I have been in some pains making, perhaps I have not been making the point too clearly but that is exactly, Mr. Speaker, what I am saying.



MR. MOORES: In that regard, Mr. Speaker, the honourable member is suggesting, for instance, that the Newfoundland Steel Mill we should have laughed in their face, to use his expression?

MR. ROWE, W.N. Laughed in the faces, as to whom?

MR. MOORES: The people we owed money to, the people who got eight months severance pay.

AN HON. MEMBER: He does not understand the difference between guarantees.

MR. ROWE, W.N. Mr. Speaker, I am not talking about - the government could of course laugh in the face of people who were working for the Steel Mill if they wanted to. They could legally but naturally they would not do it in respect of a bunch of workers in our own province, Mr. Speaker, what I am saying, Mr. Speaker, if the Premier will allow me?

MR. MOORES: I am sorry, go ahead.

MR. ROWE, W.N. Is to say this, if CNR, for example, were suddenly to go under in some way, shape or form, you know went off the face of the earth, and previous to going bankrupt the British Government had in some way lend money to CNR through ECGD and lend it for the purposes which I have already said, a pure and simple, ordinary commercial business deal, secured by a mortgage of seventy-five per cent of the assets of CNR say, and did it as a very quick pay-back provision seven or eight years, seven years I think in respect of the first refinery and the second, and also did as everybody

knows, Mr. Speaker, did it for the sake of increasing their own balance of payment situation, making that better and for the purpose of getting their old factories going and everything to the benefit of the British state, the people of Britian, and if the Government of Canada had had money into CNR which it lost as well and then the British Government came along to the Government of Canada and said, "How about you, my good friends of the Commonwealth, picking up the pieces for us here now and paying back money to us that we guarantee, the British Government guarantee," The Canadian Government would be mad, Mr. Speaker, in say to even consider paying out the tax dollars of this nation to pay back the British Government after the British Government has gotten in with their eyes open.

If the British Government, when it makes a deal to loan money or guarantee money for some commercial or industrial enterprise in Newfoundland or Canada or Malawi or Bechuanaland or anywhere else and they want a guarantee from the parent government, then they should get a legal guarantee, Mr. Speaker. Otherwise the parent government, in this case the Government of Newfoundland, is perfectly within its rights, legally, morally and for all practical purposes to say "No, my friends, you did this with your eyes open, if you wanted to negotiate a legally binding guarantee by the Newfoundland Government, you should have done so. But you did not negotiate a legally binding guarantee, so do not come after us for your \$100 million that you were unable to get, because we are not going to pay it back to you. You have had your benefit under this commercial industrial deal, why should we now, out of the pockets of the Newfoundland people or the Canadian people, dig deeper in those pockets and pay you back money on a reasonable sensible, ordinary business deal."

Mr. Speaker, the whole idea is laughable. The best proof Mr. Speaker, that the guarantee so-called, the moral or practical guarantee of Newfoundland was of no value to the British

Government was the fact that they have now agreed or allowed the crown corporation apparently, although we have not had any proof, have now allowed the crown corporation, the shares of those crown corporations to go to a private company, That Mr. Speaker, is the best proof that the Newfoundland Government was never in any way on the hook with regard to the extra money above and beyond the \$30 million which the Newfoundland Government put into it.

I think that point should be made, Mr. Speaker, because there has been a lot of talk in papers and on the media and by members of the House and the Premier and the Minister of Finance and others, to the effect that we were somehow obligated to pay the British Government \$188 million. I would say that if the British Government had merely, as a favour to the Newfoundland Government, lashed out \$120 million of their first mortgage money and there were no returns of any kind, no interest payments to be made, no benefits to accrue to Britain in respect of jobs or factories or balance of payment, for the stability of the pound or anything else, in that case there might be some moral obligation for the Newfoundland Government to pay back the British Government but in no other case, Mr. Speaker. Why should we on a normal commercial business deal?

It is exactly analogous to a situation where a father and a son might go in to see the bank manager downstairs and the son wants to borrow \$2,000 from the bank to buy a car and the bank manager looks at the father and says, "How about this, what do you think of all this?" and the father said to the bank manager, "Well, my son is a good risk, I know my son is a good risk. He has always been careful to pay his debts. It is unthinkable that we would allow him to go bankrupt, personally bankrupt." That sort of thing, we will take it at its worst case. Then if that son did not in fact live up to his commitments to the bank, if the bank were to come after the father

in that situation, Mr. Speaker, which is the worst possible situation, outside the legal obligation, That father would be able to laugh in the face of the bank manager, If they wanted a guarantee from the father in respect of the son's debts, then they should get a legally binding guarantee. To suppose otherwise, Mr. Speaker, is to assume that the people negotiating for the British Government and ECGD are a bunch of fools and nitwits, as if they go into these normal commercial and industrial undertaking with their eyes closed and with their heads buried in the sand. They know what they are doing, Mr. Speaker. They know exactly what they are doing.

They also knew that if they had come after the Newfoundland Government for a guarantee of the whole amount of money, \$188 million as it subsequently transpired, that the Newfoundland Government would have said, "No, we will not guarantee that, because then we would be legally on the hook and we do not want to risk the Newfoundland people to that kind of debt repayment."

In that case, the ECGD, the British Government would have had one of two choices, to go ahead without any Newfoundland Government guarantees or to pull out of the deal altogether.

In the case of the first refinery, Mr. Speaker, the British Government decided to go ahead with no guarantee of the Newfoundland Government, All they decided to do was to take a first mortgage on the assets of the first refinery, there amounting to seventy-five per cent of the value of those assets and a commitment from the crown corporation, which was the building company, to pay back the amount of money. If the thing had gone belly up and the British Government could not realize its full \$120 million plus interest from the assets of that industrial enterprise in Come By Chance, then they would have no further recourse except to go to the crown corporation, the building company, and say, "How about you paying up," and the building company

will say, 'Well, you have our assets. All of our assets are the assets of the industrial enterprise itself.'

Then if they came after the Newfoundland Government, the Newfoundland Government would say, "We are sorry, our British friends, our Anglo Saxon friends, we are sorry that you have lost your money on this deal, but you went into it with your eyes open, as we did. We lost \$30 million on this deal and now you, after the benefits which you have gotten from this in terms of the possible interest, the tight security, all of the other benefits to the British people, are coming after us for the difference between the " whatever they got the \$198 million or the difference between whatever they got and \$120 million rather which they had committed) 'you are coming after the Newfoundland Government for that."

The Newfoundland Government would tell the British Government in that case, Mr. Speaker, to go jump in the lake, and nobody in the commercial world, the credit markets of this world, the borrowers rather the institutional lenders and the underwriters of bond issues, would not fault the Newfoundland Government by one iota in that case. For anyone to suggest otherwise, Mr. Speaker, is absolutely ludicrous. Why should they? The ECGD crowd are not a bunch of idiots or nitwits. They know what they are doing. They know how to draw up legally binding documents. They have lawyers over there, coming out of their ears.

Lord Goodman is over there who sort of acts as an honest broker, mediating back and forth between the Shaheen group and the ECGD crowd. He is an indispensable man. He is also I think Chairman of the Arts Council of Great Britain.

AN HON. MEMBER: Inaudible.

MR. WM. ROWE: Expensive? Yes, he is a very expensive gentleman but he is an honest broker. He is a man who gives good advice to

his clients, ECGD have lawyers, Mr. Speaker, coming out of their ears and if they wanted a legally binding document from the Newfoundland Government, they would have gotten a legally binding commitment from the Newfoundland Government, They would have gotten a legally binding commitment or the deal would not have gone ahead, if that is what they wanted.

MR. ROBERTS: They have a very good Newfoundland counsel.

MR. WM. ROWE: That is right. They have a firm of lawyers down here, Mr. Speaker, whose name I will not mention. I am not allowed to advertise in the profession, a very good firm of Newfoundland lawyers who have given them all kinds of advice and to suggest that there is no legally binding commitment by the Newfoundland Government but there is a moral and practical commitment by the Newfoundland Government is idiotic in the extreme, Mr. Speaker. I am sure Your Honour knows whereof I speak, being used to drawing up legal documents and knowing what is legal and what is moral and what is practical and what is anything else.

At one point, Mr. Speaker, ECGD asked the Newfoundland Government to secure the guarantee of the Canadian Government. Do you remember that?

AN HON. MEMBER: That is right. Yes.

MR. WM. ROWE: The Canadian Government, they wanted to guarantee the repayment to them of their \$120 million and we all sat around and laughed hilariously and they laughed hilariously as well, Mr. Speaker, because they knew it was an impossibility.

AN HON. MEMBER: Inaudible.

MR. WM. ROWE: Well we will try. They would not get the Canadian Government behind this, It makes our security that much better



and they asked for the Newfoundland Government's guarantee and we refused, Mr. Speaker. The most they got out of the Newfoundland Government was a comfort letter, so-called, by the previous Premier, something to the effect that it is unthinkable that a crown corporation would go bankrupt or it has been unprecedented for a crown corporation anywhere to go bankrupt. Mr. Speaker, when we were trying to get this deal for Newfoundland, just as I suspect the Premier and his other colleagues when they were trying to get their deal for Newfoundland, and a good deal it is, the same as the first deal, we would say, Mr. Speaker, anything within the bounds of reason that our ears might want to hear. If they wanted to say, "Well, what about crown corporations? Are they good, bad or indifferent? They do not seem to have much assets." There is nothing wrong with the government saying, "Well, we have never heard of a crown corporation going bankrupt." By the same token, we could say we never heard of an oil company going bankrupt. I would say that when Edison comes to borrow its money or to guarantee the money which ECGD will be putting into this project, the same kind of a deal will be made. There will be a guarantee by Edison and maybe there might be a guarantee by a parent company or there might be some moral or practical so-called commitment from some parent company of Edison to the effect that well there has never been an oil refinery known to go bankrupt in the existence of the world. They may say that, but to think that this means anything more than what it says to a bunch of lawyers and directors in ECGD is to think the impossible, Mr. Speaker.

There is no way that we here in this province can flatter ourselves so to think that we can pull the wool over the eyes of ECGD. They know what they are doing. They have lawyers and company directors, the banking companies, Kleinwort-Benson and all the syndicate of banks which were in on the first deal. They have their lawyers. There were

hundreds of lawyers involved in this deal, Mr. Speaker, and to think that all of them thought that because of the crown corporation therefore the Newfoundland Government stands behind it absolutely, legally, morally, practically and all that is to be ridiculous in the extreme, especially when you realize that we were not dealing with Americans where they have a different system altogether, we were dealing with a country which is similar to Newfoundland and where crown corporations have the same meaning, the same types of powers and whatever responsibility exists between a government and a crown corporation is exactly the same.

The point I hope I have made, Mr. Speaker, trying to look at it fairly and squarely, is that the crown corporation stood or fell on its own substance, its own assets and its own feasibility as a project and the owner of a project. The same thing applies, Mr. Speaker, to the wharf and the Government of Canada. The crown corporation undertook to obligate itself to the Government of Canada that if the amount of the loan for the Government of Canada, about now \$23 million, was not repaid from topage and sideage then the crown corporation itself guaranteed repayment. Well, what about if the Canadian Government loan was not repaid by the topage and sideage of the operation of that plant? What about if the plant went under and suddenly the Government of Canada found itself \$21 million in the hole and wanted to come after the crown corporation for repayment of that \$21 million? The crown corporation once more would say, Mr. Speaker, "We have no assets except this wharf and the refinery which have already been swallowed up by ECCD and the British Government." Then the Canadian Government is supposed to come after the Newfoundland Government because it is a crown corporation, and get their \$21 million.

Arthur Laing asked for that. The hon. Mr. Laing, who was then the Minister of Public Works, asked for that commitment by the

Newfoundland Government and the Newfoundland Government said, "No," Mr. Speaker, and that delayed negotiations for a very long period of time until the Canadian Government finally decided, at the eleventh hour, and we have the newspaper clippings to back that up, at the eleventh hour the Canadian Government decided that it would go ahead and build the wharf and rely on topage and sideage payments from ships and users of the wharf and the guarantee of the crown corporation for repayment of the amount of \$21 million, with no reference to the Newfoundland Government whatsoever, Mr. Speaker. The Canadian Government again is not stupid. They have lawyers, they have people who are experienced in this kind of a deal. If they wanted, if they insisted on the Newfoundland Government guarantee on that \$21 million, then the deal would never have gone through. It is because we held firm on our position, namely not to give a Newfoundland Government guarantee, that there was no Newfoundland Government guarantee and the Canadian Government then, reasonably and sensibly, decided that what they would do is to build the wharf anyway for this great industrial project.

So, Mr. Speaker, neither the British Government nor the Canadian Government is entitled, in case of any difficulty in respect of that first oil refinery, to come after the Newfoundland Government. If they wanted the Newfoundland Government to guarantee it and if this was a condition precedent of their lending either the \$21 million for the wharf or the \$120 million for the refinery, they would have insisted on a legally binding document. The fact that they did not, Mr. Speaker, meant that it was not a condition precedent, that they were willing to put their money up for the security which they had and incur whatever additional risks there might have been.

Now, Mr. Speaker, I hope that I have shown reasonably and sensibly to reasonable people that the sole risk of the Government of Newfoundland and Labrador, the sole legal, moral or practical risk of the Government of Newfoundland and Labrador in respect of the first

oil refinery was \$30 million which the Newfoundland Government put into it. Now I am sure that the hon. Minister of Finance and the hon. the Premier when he summarizes, sums up and closes the debate will agree with that point. It is to their political benefit to argue that point, Mr. Speaker. I do not expect to see them become suddenly fair and reasonable and sensible about all this because they do after all have to substantiate and support their complete reversal in earlier policy in going ahead with this second refinery. I understand the political problems that they had with that, the obvious imputations which can be made against the Premier and his colleagues that this is the rankest hypocrisy and callous cynicism for them to have been condemning Mr. Shaheen and his companies and the Come by Chance refinery for a period of two or three years and then suddenly come in with an essentially similar deal for approval by this House. I understand that politically there is a political necessity on them to try to extricate themselves from any kind of public commendation for their complete reversal and turnabout in policy.

So I do not expect them to agree with me but I do hope, Sir, that members of the media, those that are given to analyze this kind of a situation, if they do not agree with what I say at least they put the side forward, because it has been taken for granted for too long in this province that the provincial government was on the hook for \$188 million and all thought all distinction between legal and practical and moral and all that kind of thing was lost and it looked like there were 334 jobs or something being supplied in this province for a total of \$188 million, which was the reverse of the true situation. I do hope that there is some thought given to what I have said this afternoon, Mr. Speaker.

The sole risk of the Newfoundland Government for the first

refinery was \$30 million, out of a total of \$160 million for the refinery plus \$20 million or so for the wharf, \$30 million out of a total of \$180 million at the time that we negotiated the deal. Since then it has gone up from \$180 million to \$198 million. The present government did not back the extra \$15 million which Mr. Shaheen found, that falls into exactly the same category as the \$120 million which ECGD put into it. It is the sole responsibility and liability of the crown corporation and so therefore it does not affect in any way the \$30 million which the Newfoundland Government put into it, that still remains our liability in the first refinery.

As a matter of fact, Mr. Speaker, if you read the 1968 bill and act, together with its supplementary, its amendment in 1970, you will find that the Newfoundland Government cannot legally advance any more money than the \$30 million which was in fact advanced by them. They cannot legally do it. If the present government or the previous

government were to sign 150 million letters of intent, moral obligations, documents, signed, sealed and delivered that government does not have the legal capacity nor right nor power to obligate the people of Newfoundland and Labrador for one cent more than the \$30 million that was put in. Surely it is idiotic for anyone in this province or in Canada to think that the ECGD people and the British bankers and the Government of Canada did not know that. Their lawyers looked at the legislation. They know that it is legally impossible for the Newfoundland Government to obligate itself to more than \$30 million. Remember the problems we had with some of the other overruns and that. Shaheen and his group wanted the Newfoundland Government to pick up the tab for customs duties and fluctuations in the dollar and pound and all that sort of thing, Mr. Speaker, we had opinion after opinion from Mr. McCarthy, Mr. McAulay and our other legal officials, and we had our own legal opinion on it as well. The Newfoundland Government could not legally obligate itself in any way, shape or form to pay more than \$30 million in respect of that particular project.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. Mr. Speaker, I have already dealt with that point I think adequately. The Newfoundland Government, the former Premier and his colleagues of which I was one, gave this comfort letter to the ECGD. I do not mind that, Mr. Speaker, they knew what they were talking about -

MR. ROBERTS: What about the other letters? They were not legally binding?

MR. ROWE, W.N. The other letters were not legally binding, Mr. Speaker, look for the Minister of Finance to come into this House and say why did you do this and why did you do that with regard to Mr. Shaheen? The honourable Minister of Finance if he were allowed to negotiate with Mr. Shaheen on this second deal, he obviously was not, otherwise it could not have gone through - the honourable the Premier knows this and the honourable the Minister



of Industrial Development and the Minister of Education know that Mr. Shaheen is an honourable man but a ruthless - what is a word for him? Skinflint, I suppose is the word for him, he will not let one drop remain in the turnip, Mr. Speaker, if he can avoid it. He will try and squeeze every cent out of the Newfoundland Government for the sake of his companies. I mean he is a promoter, he is a negotiator, he is a developer and if he were not doing that he would be hopelessly derelict in his duty. His job is to represent his companies interest to the best of his ability and this is what he did. If he were satisfied to get pieces of paper to wave around that might make the situation a little better from his point of view, we were satisfied to give it to him. He, Mr. Speaker, looked at law no, 86, he would wave that, Mr. Speaker, when it was to his benefit and he would put it into the drawer when it was not to his benefit. He knew. He is not a fool either, Mr. Speaker. He knew exactly what the legal commitments were. He knew what the Newfoundland Government were on the hook for, he knew what everyone else was on the hook for.

So let us try and look at the thing fairly, and I would like to hear the Premier and any other ministers who wish to speak look at the thing fairly and squarely and try to compare refinery number one with refinery number two in a reasonable, sensible and rational way.

Now, Mr. Speaker, having said that, I would like to compare the two deals, the first refinery and the second refinery, using the Premier's figures as he gave them in this House two or three weeks ago. In the second refinery, the British Government, ECGD, is putting up \$190 million or thereabouts and that amount of money, the repayment of that amount of money is to be secured by a first mortgage. The Newfoundland Government, Mr. Speaker, is putting up \$78.5 million and that is to be secured by a second mortgage. Shaheen through his various companies is putting in \$40 million by way of equity.

Now, Mr. Speaker, that means that the British Government are putting in about sixty-two per cent of the cost of that project, sixty-two per cent of the cost of the project. You can check the figures, I was very strong on arithmetic, but I believe these figures are correct. The Newfoundland Government is putting in twenty-five per cent of that project, twenty-five per cent, one-quarter of the total cost of the second refinery, Newfoundland is putting in one-quarter of the total cost of the second refinery and Shaheen's company or Shaheen himself, however it is going to be arranged, is putting in thirteen per cent of the cost of that refinery and I believe those figures add up to something like one hundred per cent, Mr. Speaker, give or take a decimal point or two. Sixty-two per cent by the British Government, twenty-five per cent by the Newfoundland Government and thirteen per cent by Shaheen, thirteen per cent by way of equity.

In the first refinery, Mr. Speaker, and we will leave out the wharf because the wharf applies to both, if we add it to one, we should add it to another, the wharf applies to both, I think there is \$10 million extra going on the wharf to accommodate the second refinery, but leave out the wharf because it is something which complicated the picture, because if we leave it out of one we have to leave it out of the other, if we add it to one, we can add it to the other. I have taken for the purpose of my figures I have decided to leave the wharf out of both refineries because it might be used by third parties or hundreds of parties before the thing is out, so it is something which is sort of ancillary to the development of both refineries but should be left outside of it for the purposes of argument and comparison.

The position, when we negotiated it and completed the deal in 1970, when we brought legislation through this House, Mr. Speaker, the position at that time was as follows: the British Government put up seventy-five per cent of the cost of the refinery, \$120 million. The cost of the refinery at that time was \$160 million, seventy-five per cent.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. I did not know. No, Mr. Speaker, I did not know it was more than that. I knew that there might be things that had to be found, more money that had to be found but our law, law no. 86, so called, was very clear about that. The Newfoundland Government were responsible for \$30 million and any further monies had to be found by the Shaheen companies. I mean that is the statement of the legal position, surely the Minister of Finance is not going to disagree with that. So if the refinery cost went from \$160 million to \$250 billion, so what, as far as our commitment is concerned. Naturally we would not like to see it, it might affect the viability of the operation but our \$30 million was all that we were permitted without coming to this House.

MR. ROBERTS: There was a fixed price contract.

MR. ROWE, W.N. And there was a fixed price contract. And as the Premier found and his colleagues found when they got into government, there were certain overruns of \$15 million and Mr. Shaheen found them, found that money. He found the money. The government's commitment have not been increased by one cent as a result.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. Well that is his problem, is it not? If he does not find it, Mr. Speaker, I would submit and we will come to this point when we take about the take-over by Shaheen of the shares of the crown corporations by his private companies, we will find out whether in fact it is a good thing for this province or not because there may be a possibility that our security is weakened in fact. At this present time, Mr. Speaker, with these crown corporations and with certain commitments in respect of them, if Mr. Shaheen does not meet his commitments this government naturally would not capriciously go in and take it away from him, as was suggested that perhaps this administration would do when they got in, not by the Premier I might add, The Premier said in the paper when the deal was signed that we have it now, we will live with it,

when he was Leader of the Progressive Conservative Party.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. He did say that they were going to look at the contract, "if everyone lives up to their commitments, we will live with it." Certainly his colleagues were a little bit more radical and said, "Ah, well, we will take her over." But he, I must say, you know looked at them and said it was reasonably.

MR. CROSBIE: Inaudible.

MR. ROWE, W.N. Mr. Speaker, if the honourable Minister of Finance will forgive me, I am trying to talk about this now at the moment but the time will come during this present session when we will debate certain things which the Minister of Finance and other people have said in connection with the refinery, and I will have papers then which I will gladly table in the House.

MR. ROBERTS: A previous incarnation.

MR. ROWE, W.N. That is right, when he was saviour of the people there a year or two ago.

MR. CROSBIE: Inaudible.

MR. ROWE, W.N. Inaudible.

MR. ROBERTS: That is what the government would like, yes.

MR. ROWE, W.N. Now, Mr. Speaker, for the sake of the members on the other side, the position when we negotiated was seventy-five per cent, the British Government seventy-five per cent and the Newfoundland Government eighteen point seven per cent and Shaheen six point two per cent. I will repeat those figures, Sir,

In the first refinery at the time that we completed the negotiations and the costs were there established, the fixed price contract, the British Government put in money which represented seventy-five percent of the cost of the project. The Newfoundland Government put in money which represented 18.7 percent of the cost of the project and Shaheen put in as equity 6.2 percent of the cost of the project so they add up to 99.9 percent I believe, Mr. Speaker. About 100 percent.

Now, Mr. Speaker, for the records and for any people in the media who may be interested in analyzing the two deals let us just look at those figures and compare them. The Premier, when he brought in his great statement into this House of Assembly a week or two ago, a few weeks ago, did not resort to comparisons, he said how bad the first refinery was and then lumped everything together to make his own deal look beautiful.

In the first refinery the British Government had at risk seventy-five percent of the cost of the refinery. In the second refinery they have at risk, sixty-two percent of the cost of the refinery, a significant decrease in the proportionate amount of money that the British Government has at risk in both refineries. The amounts are greater, we are talking about the total costs, we are talking about the proportion which the British Government put in and which it has secured by a first mortgage.

MR. MARSHALL: (Inaudible)

MR. W.N. ROWE: Yes, Mr. Speaker.

MR. MARSHALL: When the honourable member talks about "at risk" is he saying that the Newfoundland Government had no risk whatsoever with respect to the E.C.G.D. loan the British Government put in?

MR. W.N. ROWE: Mr. Speaker, is the honourable member deaf? I just spent an hour saying "no," Mr. Speaker, the Newfoundland have no legal, moral or practical obligation or responsibility with regard to...

MR. MARSHALL: I wanted the honourable member to repeat it.

MR. W.N. ROWE: I will repeat it again, Mr. Speaker, for the sake of the honourable the House Leader who has shown that he is a little slow in certain things, when he got hopelessly bamboozled trying to adjourn the House the other night. He had an hour to do it and could not adjourn the House. I will repeat it, Mr. Speaker.

The total commitment of the Newfoundland Government in respect of the first refinery was \$30 million. As a matter of fact, Mr. Speaker, if you look at the act which put the first refinery into law and the obligations thereunder, the Newfoundland Government cannot legally, it simply cannot legally commit itself to one cent more than \$30 million. I do not understand the honourable Minister of Finance who had a long but perhaps abortive career at law trying to convince or persuade the Newfoundland people that there is anything different from that statement. The Newfoundland Government could not legally commit itself to more than \$30 million and the Newfoundland Government did not commit itself legally to any more than \$30 million.

MR. ROBERTS: Yes, but it is only a view.

MR. W.N. ROWE: I am sure the honourable Minister of Finance has an opposite view, He has a lot of fast talking to do, Mr. Speaker, if he can persuade the Newfoundland people that he is not just a little bit inconsistent in his public stance and posture with regard to Mr. Shaheen.

MR. CROSBIE: The honourable gentleman...

MR. W.N. ROWE: Oh yes, Mr. Speaker, the epitome

MR. CROSBIE: I will show him consistency.

MR. W.N. ROWE: We will see, Mr. Speaker, not during this debate so much but in another debate coming up when the honourable minister will be put to the test. We will see, Mr. Speaker, how consistent that honourable minister and his colleagues were with regard to their dealings with Mr. Shaheen.

In any event, Sir, let me continue with the comparison. The



British Government in the first refinery had seventy-five percent of the cost of that refinery at risk. In the second refinery they have sixty-two percent, a far less amount at risk in this second refinery than they did in the first refinery, proportionately and relatively speaking.

In the first refinery, Mr. Speaker, the Newfoundland Government had at risk 18.7 percent, call it nineteen percent, under twenty percent, had nineteen percent at risk, represented by its \$30 million. In the second refinery, Mr. Speaker, the Newfoundland Government has twenty-five percent of the prospective cost of that refinery at risk, in its 78.5 million dollars. A difference - 18.7 percent by the Newfoundland Government in the first refinery, twenty-five percent at risk directly and legally in the second refinery.

Mr. Shaheen had at risk 6.2 percent in the first refinery and has at risk thirteen percent, thirteen percent in the second refinery represented by his \$40 million. In the first refinery his \$10 million represented 6.2 percent of the cost, somewhat over six percent of the cost of that refinery.

It does not take an Einstein, Mr. Speaker, even if there were one present in the House, it does not take an Einstein to see that the British Government's commitment to the second refinery proportionately speaking is down from what its percentage commitment was in the first refinery. It does not take a mathematician to see that the Newfoundland Government's direct risk, its legal obligations in respect to the second refinery are up from what they were in the first refinery, up to twenty-five percent from 18.7 percent.

Mr. Shaheen's equity position which is really the only redeeming characteristic of the whole deal, Mr. Shaheen's equity position is about double in the second refinery as compared to the first. Thirteen percent as against 6.2 percent, a little more than double Mr. Speaker, thirteen percent. That thirteen percent, let it also be recorded, is a far cry, a far cry from the twenty percent which I believe, perhaps some members of the House have already said should

be put into this kind of an operation by a developer, twenty percent. Certainly the Government of Canada used to say to us that there should be twenty percent by developers in an industrial complex such as this. I believe when we were negotiating with the Government of Canada in respect of the wharf they said; "We would have no hesitation at all if Mr. Shaheen had twenty percent equity in the deal but he does not have anything near twenty percent equity." Therefore, the precedent they set in one or two other places in Canada where developers did have twenty percent equity in the deal did not apply to Newfoundland because Mr. Shaheen did not have twenty percent.

We got over that argument but certainly the people whom we had discussed this matter with and talked with, I believe perhaps some of the members of this present House, had gone on record as saying that there should be twenty percent minimum equity by a developer in any given project, to make sure that he is locked in at a high enough ratio to put his best efforts into the deal and to make sure that his risk is somewhat commensurate with the benefits which he will derive from the deal.

We find that the thirteen percent, which is admittedly double, more than double the amount of equity which Mr. Shaheen had in the first refinery, is still a far cry from the twenty percent which most people that I talked to say a developer should put into a deal.

Mr. Speaker, I hope that that comparison between the first and second refinery is considered to be a fair one, only using the figures as given by the Premier to this House. I have left the wharf out as a consideration in both deals because it is going to be used by both deals. So, how do you divide the wharf up?

MR. ROBERTS: Paid for out of the something or other.

MR. W.N. ROWE: Paid for by the user charges of people who make use of the wharf. In any event, we see already, Mr. Speaker, without going too far into analyzing the deal that glorious, rosy picture

which was painted for us by the honourable the Premier in a complete reversal of Progressive Conservative Party and Government policy the other day. The great, rosy deal is somewhat different when you subject the figures to some scrutiny and analysis.

Mr. Speaker, the honourable the Leader of the Opposition has brought something to my attention here which also bears going on the record as well. When the government provided the \$30 million second mortgage money into the first refinery, the five percent of net profits which was in that deal came up to a maximum of \$10 million, forgetting about the five percent gross profits for a minute - \$10 million. For this much larger deal ( certainly the amount of gross profits, five percent of the gross profits which will be coming out will also be commensurately larger ) one would have thought that the five percent net profit figure which we had put into the first deal would not be subject to the \$10 million ceiling; \$30 million by the Newfoundland Government, five percent of the net profits of \$10 million.

In this deal 78.5 percent of Newfoundland money going into the second refinery and still five percent of the net profits up to a maximum of \$10 million. Obviously, Mr. Speaker, if the thing were going to be done proportionately at all, then that \$10 million ceiling on the net profits, the five percent net profits which we in this province are entitled to, should be probably somewhere around \$30 million. In other words, if they are going to be proportionate about it, they should probably talk in terms of anywhere from \$20 million to \$40 million,

\$50 million as a ceiling on the amount of money that this province would get out of the refinery in respect of the net profits. We see that the \$10 million figure is exactly the same. Now the gross profit figure is going to be larger in the second refinery compared with the first. Presumably it will have greater profits, there is a greater investment. It is a larger plant, it should have greater profits. Here the government take the same old stale figure out of the act and agreement which we negotiated in respect of the net profits - \$10 million in the first one which we negotiated and \$10 million in the second one. So that is another thing which should be thrown into any comparison between the two refineries, Mr. Speaker. Then you can see that certainly, Mr. Speaker, the second refinery is not such a great improvement if indeed any improvement at all over the first refinery. It is not to say that we in this House, on this side, do not welcome the refinery. We do, Mr. Speaker. We are prepared to live with the first deal that was made. We are prepared to live with this second deal, although it might have been better, it might have been a better deal. We are prepared to live with it. We think that this kind of industrialization is good for the province.

Now, Sir, let us also make some reference to the fact as to why the crown corporations were set up in the first refinery to begin with. That point should also be made because the Premier and the Minister of Finance and others have been at some considerable pains to make it look as if the previous administration and their advisers were a bunch of hopeless incompetents and bunglers in respect of the first refinery. Imagine a crown corporation or a series of crown corporations set up to handle that deal!

Mr. Speaker, as the ministers know, those crown corporations were set up purely and simply for tax purposes, to avoid having to pay taxes to the Government of Canada. At that time -

AN HON. MEMBER: (Inaudible).

MR. ROWE (W.N.): That is right. The proportion which the Government of Canada was to get out of the deal was much greater than ours, Mr. Speaker. In any event, whether it was right or wrong, I happen to agree with the honourable Minister of Finance. The deal was a lousy deal, setting up these crown corporations. But everybody is a genius in retrospect, in hindsight everybody looks at it and says, "How foolish that was." But I am looking at it at the time, Mr. Speaker, that the crown corporations -

AN HON. MEMBER: (Inaudible).

MR. ROWE (W.N.): Exactly, the minister did not vote against it. The crown corporations system was set up for one purpose and one purpose only, to avoid paying taxes to the Government of Canada. Subsequently, Mr. Edgar Benson, the Minister of Finance in Canada, decided that he would not allow provinces to have this tax dodge any more. If there were an option to purchase, to be exercised by a private corporation, then this tax relief would not obtain. He agreed finally, after some negotiations again with the former administration, to allow the previous legal situation to apply to the refinery. That is why, Mr. Speaker, the crown corporations were kept in effect at that time. I do not pretend to be a tax expert or even a tax lawyer. It has not been one of the fields that I have been involved in. You can only go by the best expert opinion that you can get on these matters. My firm understanding is that the crown corporations were set up for tax purposes and these benefits, if they are benefits, are no longer available. Certainly, if they were available, Mr. Speaker, I would submit that Mr. Shaheen would have put up a much greater fight to have the same crown corporation situation in respect of the second refinery as with the first. Perhaps the government might have given in on that point as well, I do not know. They did give in on a certain number of other points, maybe they would have given in on that.

The second deal involves private companies only. That is what the original deal would have been like, I would submit, Mr. Speaker, if

the deal including the crown corporation situation and that was not one of the reasons he gave for getting out of the government and in fact he did not even vote against the bill when it came before this House. I believe he abstained or tried to abstain, along with his colleague of that day, Mr. Wells.

So, Mr. Speaker, everybody is a genius in hindsight, everybody can say how it should have been done or how it should not have been done but at the time everybody was quite content with that situation. The fact that now we are able to get a deal involving only private companies and private corporations is no great pat on the back to the present administration. Times have changed, circumstances have changed, the raison d'etre for the crown corporation situation no longer exists so there is no need to go the crown corporation route. So let us not try to tell this House or tell the people of Newfoundland that that is such a great advance forward, Mr. Speaker. It is merely different. It is not an advance, it is merely different.

Now, Mr. Speaker, very briefly and hopefully in conclusion, let me mention some of the conditions of the deal that the Premier has announced they will be entering into with Mr. Shaheen, the commitments of that deal and again compare them with the first refinery. Now, Mr. Speaker, the so-called purchase by Newfoundland Refinery of the crown corporation is not in the principal agreement or the supplementary agreement before this House and I will deal with that question later and also some of the things which the Premier has tabled in the House. One of the conditions is that Edison is to submit evidence satisfactory to the government concerning its \$40 million, that it has that \$40 million that it can put in or has credit arrangements set up which will allow it to get the \$40 million when the time comes. That term and condition, Mr. Speaker, with regard to the \$40 million is exactly the same as the terms and conditions concerning the \$10 million in the previous deal with



Mr. Shaheen for the first refinery.

The sixty per cent take or pay contracts for crude and for sale of produce to people in the market, the sixty per cent requirement there is I believe, without having the earlier act in front of me, exactly the same condition and term required of Mr. Shaheen in respect of the first deal. He had to give evidence satisfactory to the government that he had sixty per cent of the crude oil necessary for the refinery copperfastened and that he had sales committed, take-or-pay contracts for sixty per cent, I believe, of the produce and I believe the term is five years in respect of each case, the produce and the crude, and exactly the same condition, if I remember correctly, was in the earlier deal with Mr. Shaheen. Not one scintilla of difference, Mr. Speaker, between the two deals.

There is a requirement in the agreement with respect of the second refinery for a feasibility report, independent feasibility report and as I understand the first deal, the first Shaheen agreement and act associated therewith, the same requirement is there, an independent feasibility report. No difference, Mr. Speaker, exactly the same thing. There is a term and a condition in the present agreement in respect of the second oil refinery for \$1 million for the land and that is a different provision and the government is to be congratulated for it. \$1 million is \$1 million and \$1 million is better than \$1.00, I believe everybody will admit that. \$1.00 - we were willing to give to Mr. Shaheen the land for nothing, for the nominal sum of \$1.00 to get this enterprise going. This government managed to get from Mr. Shaheen a \$1 million commitment in respect of the land. It is not a great sum of money compared to the cost of the project, over \$300 million, it is not a great sum of money compared to the commitments of the government in the project but it is \$1 million and it is certainly an improvement over the earlier deal. There is no doubt about that, Mr. Speaker.

The SSA tax exemption which applied to the first deal does not apply to the second deal and there will be certain benefits to the government as a result of that, and that is a change in policy. I think a beneficial and a salutary change in policy not only in respect of the Shaheen deals but also in respect of any other deals that the government will be entering into in the future.

It was a part of the previous administration's policy to give SSA tax exemption to new developments and to new equipment and machinery coming into this province connected with those new developments. That was one of the ways that industry was suppose to be attracted here. It was the type of exemption which I believe many other provinces and states had also in effect at that time. Even in the latter years of the Smallwood Administration, the advice that we were receiving from officials, Mr. Speaker, was to get rid of that kind of uncontrolled exemption and if you are going to give any benefits to companies developing in this province make it by way of a determined cash grant, if you are going to do it at all, and forget about power subsidies forget about SSA tax exemption which had no relation at all to what was going into the thing or what kind of labour was going to come out of it.

I must say it was an attractive doctrine to me to get rid of that kind of an exemption and I would say that this party if it were to form the government follow the same route as the present administration, get rid of that kind of an exemption. I am glad to see that it is done in this deal. It is a difference from the old policy not something which this government can get up and jump around about so much. It is a change in policy, conditions change, expert advice changes, Nobody gave exemptions in the past, Mr. Speaker, except with the benefit of expert advice, and expert advice changes as years go on. In DREE, for example, the original concepts are changing, new concepts are coming in as how to help industry. This happens, policies change. I am glad to see that this government have changed the policy in this regard and should change it not only in respect of the Shaheen deals but all other deals.

The power rate, Mr. Speaker, in the original deal Shaheen and his companies were suppose to have power for I believe two and a-half

mils per kilowatt hour. When we renegotiated the deal we got from Mr. Shaheen a commitment which our expert advisers of the day, Mr. McAulay and Mr. McCarthy, the Deputy Minister of Justice, stated was legally binding and is still legally binding to the effect that Mr. Shaheen and his companies waived that provision of the two and a-half mil power and then agreed to take power at the going commercial rate with the proviso that if the government ever gave a more beneficial rate to a new development or other developments in the provision they would be able to avail themselves of the same rate. I believe exactly the same deal is in the second agreement with Mr. Shaheen, the second refinery agreement except in this case it is enshrined in statute law. In the first case it was part of an agreement with Mr. Shaheen which our legal officers assured us then and assure us now was equally legally binding. The only other provision, Mr. Speaker, was that the Power Commission was required to buy from the oil refinery a certain amount of Bunker "C", I believe, I am not quite sure on the technical name of whatever they were going to sell, I know there is Bunker "C". I am not sure that it was Bunker "C" was the subject matter of this deal. I believe it was. That the oil refinery could sell to the Power Commission at going rates, at market rates, no subsidies involved, at market rates, at commercial rates their requirements of Bunker "C" for their hydro-electric plants like the one in Holyrood and any others.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. The electrical plant in Holyrood, hydro by sort of definition. Hydro plants use hydro and water. Thermo plant, thermo electrical plant, Mr. Speaker, that was sort of a quid pro quo, it did not amount to a row of beans and for the honourable Minister of Finance to try and pretend now that it did, is ridiculous, all it meant was that there was this much greater amount

of feasibility and certainty and viability with respect to the first refinery. They had another purchaser of a certain amount of their produce. That is all it meant. The Power Commission was not doing any favours as such to the oil refinery, All they were doing was buying it at market value. The only people who could scream would be private oil companies who might lose a few barrels of Bunker "C" but I doubt if that would effect them too greatly one way or the other. It was just a quid pro quo thrown in, asked for by Mr. Shaheen

We were delighted to be able to get out of the subsidy of hydro-electrical power or thermo-electrical power and we were willing to throw in this kind of a thing if we could get out of that deal to subsidize electrical rates.

So, Mr. Speaker, there is very little difference. Even the Premier himself admitted that it was a small change, when he introduced the bill here today, that Power Commission requirement. So there is no difference whatsoever in substance between the power rate provision in the second refinery and the power rate provision in respect of the first refinery.

MR. ROBERTS: Shaheen was going to buy that oil at competitive rates.

MR. ROWE (W.N.): Yes, that is right. He was selling it at competitive rates. He was selling it at commercially, marketable, current market prices.

Now, Mr. Speaker, the royalty provisions, the amount which the Newfoundland Government get out of the profits of the oil refinery, are exactly the same in respect of the second refinery and as was the case in respect of the first refinery. There is some difference I believe. The management fee which Shaheen then had was to be deducted I believe from the gross profits in the first refinery and it does not appear in the second refinery.

MR. ROBERTS: No, No. That twenty-seven per cent fee did not come off the gross profits, but it does not appear at all in the second.

MR. ROWE (W.N.): The point was that it was not to be deducted. The point is that it appeared in the first refinery deal as an item which would not be deducted in respect of gross profits so that Newfoundland would get their five per cent of gross profits in perpetuity without any reference to that management fee. Now it does not occur in the second one because there is no management fee and certainly that is an improvement in regard to current operations.

MR. ROBERTS: Shaheen gets one hundred per cent. Shaheen gets everything.



MR. ROWE (W.N.): That is right, yes. With respect to current operations, that is why the thing is being paid off and presumably being bought out by Shaheen. There is a certain amount of money into it for Mr. Shaheen and his companies but in the second refinery deal, Shaheen owns it from the beginning anyway. The idea of management fees does not even occur. It does not even arise, Mr. Speaker. That is the only difference between the five per cent royalty which the Newfoundland Government were entitled to in respect of the first refinery and which the Newfoundland Government are entitled to in respect of the second refinery - a simple copying in the second agreement here from the first agreement, Mr. Speaker, there is no improvement of any kind whatsoever, it is just copied out. As far as the five per cent of net profits is concerned, as my honourable colleague pointed out to me earlier, the five per cent royalty provision for net profits was subject to a \$10 million ceiling in the first agreement and also subject to a \$10 million ceiling in the second agreement, when all common sense, justice and reasonableness would demand that if there were a \$10 million ceiling on a \$160 million refinery, as it was then negotiated, there should be a much higher ceiling in respect of a \$300 million or more refinery, it should be somewhere up around \$20 or \$30 million, Mr. Speaker. If it were \$20 million, it would be just barely keeping pace with the first refinery, if it were \$20 million, but it is not even that. It is only \$10 million, the same as the first refinery, proportionately speaking. In order for it to be any kind of an improvement, it would have to be more than \$20 million; the ceiling on the five per cent net profit royalties accruing to this government. There is not an improvement there. There is the reverse of an improvement. It is an actual loss, proportionately speaking, by the government of this province.

Mr. Speaker, the repayment of the government loan in respect of the second refinery is, I believe, exactly the same as the terms and conditions for the government loan in the first refinery. There

is no change. There is nothing which I believe is more beneficial to this government. I do not think it is any more onerous to the government, except in amounts, \$78.5 million, but nothing more beneficial to the government.

Mr. Speaker, I believe that the additional funds that may be required for the second refinery, as they were required for the first, have to be found by Shaheen's companies, Edison and what not, just as legally and in every other way they had to be found by Shaheen, through the crown corporations, in respect of the first refinery. The government of the province, as I have said ad nauseam earlier today, the government of the province had its liability limited legally to \$30 million. I would submit that the government now have its liability limited legally to \$78.5 million, unless they want to come to this House for an increase. The two positions are

exactly the same, Mr. Speaker, with no improvement one way or the other as far as additional funds are concerned. The deals are the same.

Mr. Speaker, I must confess that I have not looked at the first mortgage and the second mortgage in respect of the first refinery for some time but if memory serves me correctly - and the Minister of Finance can let us have his views on this when he speaks, if he does speak - I think it was not the deal that the money was put in so called pari passu that the first mortgage money was drawn down proportionately in the same amounts as the second mortgage money. In other words, the Newfoundland Government money was drawn down.

AN HONOURABLE MEMBER: It did not happen.

MR. W. ROWE: It did not happen but was there any requirement that it be that way? Well, okay! I was under that impression. Maybe I am just remembering, Mr. Speaker, negotiations which we had and which came to naught on that particular point. I was going to make a comparison there but since the matter does not really arise, the Premier could also mention to the House, I believe it is probably covered by The Supplemental Agreement.

The \$10,000,000 net profits to be paid, five per cent a year out of net profits, the royalties are not affected by the Supplemental Agreement. Is that right? That still comes . In fact if Shaheen take over the crowned corporations, it does not affect his liability to pay the \$10,000,000 out of net profits nor the five per cent of the gross. It does not affect the five per cent of the gross or the \$10,000,000 net profit position. It was just a question that occurred to me, Mr. Speaker. I just wanted to make sure that the \$10,000,000 which we sweated blood to arrive at in the first agreement was still copper-fastened and available to the government of this province.

As far as employment benefits are concerned, Mr. Speaker. The number of people employed for the money spent are the same, I believe, proportionately speaking, in a second refinery as the first

refinery and there is no improvement there. In fact, there may be even a proportionately less number of people to be employed for the government commitment involved. After construction, the number of people, I believe six hundred odd people as against four hundred odd people - six hundred odd in the second refinery as against four hundred odd in the first refinery. Again there is no magnificent improvement in the labour situation after completion of the refinery, compared to the first. As a matter of fact, the number of full time employees in the second refinery for the number of dollars spent by the government may be in fact less, relatively speaking. So, there is no improvement there, Mr. Speaker.

So, Mr. Speaker, the only conclusion that can be drawn, looking at the two deals objectively and without any rancor or without having anything to gain by going one way or the other, it seems to me that the second deal is an improvement in some respects and it is not an improvement in other respects. I have already mentioned them. Certainly, Mr. Speaker, although there may be a net improvement - I do not know if there is a net improvement in our position. When we consider the amount of money we are putting up and the amount we get back, I do not know if there is a net improvement in the second agreement over the first agreement. I do not know but assuming that there is some kind of a net improvement, that there is an improvement by the Provincial Government or within the Provincial Government's position in the second refinery agreement, there is certainly not enough of an improvement to warrant this government to come in here into this House and publicly reverse its repeated stance and posture and position on Mr. Shaheen and the oil refinery. There is not enough, Mr. Speaker, in this new agreement for that government, this present government, to suddenly have to take back water and to switch right around, reverse themselves, put themselves in an opposite position from what they had publicly stated themselves to be. There is not.

One cannot but wonder, as the media have already done - Ray Guy has been struck dumb on the subject, I believe. He threatens to write something on it but has not been able to muster the strength to do it, he is so flabbergasted. Even the media, Mr. Speaker, will admit that this was a complete reversal of policy. There is a certain amount, Mr. Speaker, of what appears on the surface to be callous cynicism and cynical callousness to use the Minister of Finance's phraseology, a certain amount of

what can only be painted as blatant and almost deliberate hypocrisy on the part of the present administration in the public position which they took against Shaheen, against the oil refinery in Come By Chance and the public position which they are now taking, in a deal which is substantially and relatively, proportionately, no better than the original deal which they were so vocal against.

Mr. Speaker, we welcome this deal. We welcome it because it is a continuation of the policy initiated by the Smallwood Administration. There are, however, some doubts and suspicions which arise in the way the deal was handled. One compares the first refinery to the second refinery and finds, through analysis and scrutiny, that the second refinery is not that great compared to the first refinery. It is a good deal, as the first refinery was a good deal for this province, but it is not that much of an improvement if there was any improvement.

So, certain doubts and suspicions concerning the handling of the second refinery rise to the surface, they have to. It doubtless brings to my mind, when the honourable Premier announced to the world that he was going to set up a cabinet committee to look at the Shaheen deal, I think he put on it the honourable Minister of Finance, the honourable Minister without Portfolio, the House Leader and the Minister of Justice, on the cabinet committee, concerning the Shaheen deal, the first deal, to look at it. When he goes overseas to consummate the deal, he takes with him - went overseas to ECGD, certainly that is very relevant, I mean, was that not relevant to the deal? ECGD are the guys who are putting up, in the second deal, 61.2 per cent of the money.

AN HON. MEMBER: Should the Minister of Finance have been there?



MR. WM. ROWE: The deal was consummated here, Mr. Speaker.

I have grave doubts about that, to tell you the truth. I did not see Mr. Shaheen around, did you? Mr. Shaheen usually makes a few waves when he shows up here, was he here?

MR. MOORES: No, we did not ask him to the House this time?

MR. ROBERTS: Will the Premier do it? Will the Premier ask him in for twenty questions?

MR. WM. ROWE: Why? I mean they are buddies now, when he was asked into the House he got savagely slandered and vilified and everything by one or two of his ministers. But, Mr. Speaker, what raises doubts and suspicions in my mind is that when the Premier goes overseas he takes along with him some admirable gentlemen. Do not get me wrong, Mr. Speaker, the honourable Minister of Industrial Development, a fine fellow, a great travelling companion, a much better travelling companion than the Minister of Finance I would submit, although I have not travelled with either. He takes with him the honourable Minister of Communications and Transportation, another "hail fellow well met!" Mr. Speaker, again a much better travelling companion, this time than say the Minister without Portfolio. He also takes with him the Minister of Education, again a bon vivant, a dilettante Mr. Speaker, as a guide to Westminster Abbey, the Tower of London, etc. etc. Not Soho, the honourable minister was in Cambridge, Cambridge is too far away from Soho. Oxford I found to my own downfall was too close to London for anyone's benefit or virtue. Two young men sitting there will agree with me.

But the honourable Premier brought to England with him these three bon vivants, these dilettantes admirable gentlemen. Nobody who formed the original committee, Mr. Speaker, the Minister of Finance, a trained lawyer, a man who has had great experience in this field, the Minister of Justice, the Minister without Portfolio, who had spent hours to listen to them talk, even days, exhaustably

scrutinizing, going through the first deal to see where the errors were made, where the problems arose, what problems existed, what remedies needed to be applied, how they should be ironed out. The Premier goes overseas and takes with him a bunch of gentlemen, all admirable, intelligent gentlemen, I mean I will admit that, Mr. Speaker, great travelling companions, but I would submit, Sir, not quite so versed or so knowledgeable in the first deal, the first refinery deal, as the honourable ministers I have mentioned, not quite.

So the question arises, Mr. Speaker, as to why the honourable Premier does that. Was "The Sunday Herald" right? Is there a rift which is even wider than the gap between them - two sword lengths, Mr. Speaker, you will notice between the -

MR. ROBERTS: Inaudible.

MR. WM. ROWE: Well that is right. The Minister of Finance wanted to preserve his virtue with regard to Mr. Shaheen and one has to ask that question, Mr. Speaker, if the best interest of this province were served by the Premier going over with these particular gentlemen, in their own fields I would imagine they would be better than the other ministers but -

MR. CROSBIE: We were working on the documents here.

MR. WM. ROWE: Oh yes, Mr. Speaker, the honourable Minister of Finance was working on the documents here.

MR. SPEAKER: It now being 6:00 P.M., I do now leave the Chair until 8:00 P.M.

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PROVINCE OF NEWFOUNDLAND

THIRTY-SIXTH GENERAL ASSEMBLY  
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VERBATIM REPORT

Monday, March 26, 1973

SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House resumed at 8:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order please!

MR. ROWE(W.N.): Mr. Speaker, when the House rose at six o'clock, as I remember it, I was busily haranguing the House concerning virtue and wisdom and the need to follow it with respect to the two oil refineries, one which we will see in operation hopefully shortly and another one which under this legislation introduced by the Premier should have construction commencing on it within two years I believe from the date of ratification or the date of the agreement, one or the other. During the course of my remarks this afternoon I stated at the outset that this side of the House, at least the official opposition, I cannot speak for the hon. member for Labrador South on these matters but the official opposition is in complete support, in complete accord with the government and completely supports the principal of this bill. As I mentioned this afternoon, how could we do otherwise since it is nothing more nor less than a continuation of industrial policy commenced two or three years ago by the previous Smallwood Administration when the first refinery deal was negotiated with Mr. Shaheen, with ECGD in Great Britain and brought into the House and approved in 1968, and amendments which were more beneficial to this province were approved by this House in 1970.

This present bill, aside from one or two things which the Premier has mentioned and I have already commented on, is essentially the same piece of legislation with one or two changes which again I hope will redound to the benefit of this province. I endeavoured this afternoon, Sir, to look at the two refineries fairly, in an unprejudiced fashion and in an unpartisan fashion in order to see how one compares with the other and to see whether the Premier's

first glowing, rosy announcement could in fact be substantiated by the facts and by an analysis of the figures which he himself gave.

During the course of my remarks this afternoon I mentioned that the provincial government, the Government of Newfoundland and Labrador, had a certain obligation with respect to the first refinery and that obligation was to put into it, by loan, \$30 million. I also adverted to the legislation which prohibits the Newfoundland Government from obligating itself to any more than \$30 million in any legal way. Therefore I took issue with the Premier and with other members of the House of Assembly and with members of the media and the press who have stated on occasion that the Government of Newfoundland and Labrador were in fact legally obligated, on the hook for \$188 million. I showed I hope to a reasonable man's satisfaction that we could not legally obligate ourselves as we simply did not have the capacity as the government. We did not have the legal right or power as a government to obligate this province to any more than \$30 million.

There had been some talk earlier about the former administration obligating itself morally or for practical purposes to the British Government to pay the extra or whatever makes up the \$188 million in the event of default by the crown corporation. At that time I said that while we had no legal obligation, which I think had been admitted by all sides, I did not think in my best considered opinion that there was any moral or practical responsibility or obligation on this government to pay any money to ECGD, that arm of the British Government, in the event of default by the crown corporation or by anyone else connected with the plant. To support my argument in that regard, Mr. Speaker, I mentioned that the British Government was not doing any favours to the Province of Newfoundland when it agreed to arrange for \$120 million of financing to go to that project. It was not doing us any favours. The British Government is

doing what every exporting company does on the face of this earth, any half sophisticated industrial nation does on the face of this earth and that is to so arrange the situation so that money will be lent to enterprises going on outside the British Isles in order to make sure that businesses and equipment that is manufactured and people working in those businesses and factories and industries get greater employment, to make sure that the balance of payments deficit is as small as possible or the surplus as great as possible, to try to ensure greater stability for the pound and all these benefits for the people of the British Isles. These are the reasons, Sir, among others, why the British Government get into the business of guaranteeing or arranging for the financing of loans to projects outside the British Isles. I also mentioned that it was an ordinary business industrial transaction where the British Government put up seventy-five per cent of the cost of the construction of that plant, \$120 million out of \$160 million, seventy-five per cent of the cost and took a first mortgage on all the assets comprised in that project. In other words their \$120 million of money which has been advanced to this project is secured by equipment and machinery and labour costs that have gone into the construction in the amount of \$160 million. The cost is \$160 million.



That \$160 million worth of value is a security for the loan of \$120 million arranged by the British Government. I also mention that they get fairly good interest rates for these export credit guarantee arms of various governments. I also mentioned that the money which they arranged, the financing which they arranged is paid back, Mr. Speaker, in an incredibly short period of time.

MR. ROBERTS: Seven years.

MR. ROWE, W.N. Seven years, Whereas a normal mortgage of this type would be twenty or twenty-five years, they get their money back in seven years, Mr. Speaker. So the deal entered into by the previous administration with the crown corporations, with ECGD and with the Shaheen companies was a deal which was very beneficial and favourable to the British Government, just as the second refinery deal is favourable to the British Government and the people of the British Isles. They did no favours, Mr. Speaker. Certainly we take advantage of the offer which they have to make but they do that for their own benefit. I was at some pains this afternoon to indicate to the House that far from there being a legal obligation, there was no moral nor practical obligation because if they ever came to the provincial government here, the Newfoundland Government here, for repayment of any money that they could not by some fluke get out of the refinery in the event of a close down or a default, this government could laugh in their faces and nobody in the business and commercial work, the lending markets of this world could say that the Newfoundland Government did anything except what was right and proper in the circumstances.

As a matter of fact, Mr. Speaker, the markets of the world would say that the Newfoundland Government would have been fooled to pay any extra money besides the \$30 million they have into it to the British Government. That would be what would undermine the credit of the Newfoundland Government, Mr. Speaker, not the Newfoundland Government refusing to live up to any so-called airy-fairy moral or practical obligations.

Now, Mr. Speaker, the honourable the Minister of Industrial Development can cluck, cluck, all he wants. The fact is what I am saying is true just as, Mr. Speaker, when Edison, this subsidiary now of Shaheen natural resources, I would imagine, when that company borrows the money from the British Government, to put into the second refinery, they will of course be the prime borrowers, just as the prime borrowers in the first deal were the crown corporations. Now if that second refinery were to go belly up, so to speak, certainly ECDG would come and realize on the assets of the second refinery, they might come after Edison to look for money to fill any gaps that there might be and if Edison had any other assets they could go after these assets. But certainly I am sure that Mr. Shaheen has so arranged his affairs that there is no way that ECGD or the British Government can get after Shaheen natural resources if Edison were to go bankrupt.

MR. ROBERTS: Or even after the first refinery.

MR. ROWE, W.N. That is right, they would not be able to go against the first refinery, Well Shaheen would not - the subsidiaries of Shaheen's which presumably would allow them to take over the first refinery would be a separate entity and separate entities altogether from the Edison company. Unless the ECGD, the arm of the British Government, have in fact demanded the Shaheen parent company guarantee the repayment of the loan by Edison, in which case they could go after Shaheen himself and the parent companies. But if they have not, they would be whistling in the dark, Mr. Speaker, if they hoped to go after the Shaheen parent companies because of a default of the subsidiary, I mean nothing is clearer than that. If Mr. Shaheen were to say to the ECGD people, "Look, we have never known one of our subsidiaries to go bankrupt." As a matter of fact I can tell you here now, Mr. Shaheen is saying this; "I can tell you here now we would not allow one of our subsidiaries to go bankrupt." And if ECGD or the British Government came back on that five years from now

Mr. Shaheen if he has got any sense, I am sure he has got a lot of sense. Well endowed in that regard, would say, "Look, if you wanted a guarantee from us or Shaheen Natural Resources, you have lawyers enough and businessmen enough and people over there who know the score enough, you should have required a guarantee from us." Do not try and get this to make any payments now on any puffery or strong statements made on either side, Mr. Speaker, when negotiations were taking place. And the situation, Sir, is exactly the same with respect to the first refinery.

Mr. Speaker, I must say I find it a little bit difficult to talk when the two senior members of the administration are having a caucus.

AN HON. MEMBER: Inaudible.

MR. ROWE, W.N. That is nice, Mr. Speaker, I am up here seriously trying to make a point and trying to summarize what I had to say this afternoon. There is nothing facetious or, hopefully, silly about what I am saying. I am trying to make a point. I am trying to make arguments to support the facts, and the Premier's contribution is something flippant and facetious.

MR. MOORES: Mr. Speaker, I have heard it four times already.

MR. ROWE, W.N. Well for the Premier, Mr. Speaker, maybe five or six times may be necessary.

MR. ROBERTS: Not hearing, it is making sure that he understands it.

MR. ROWE, W.N. I heard the honourable Premier on television tonight refer to one of my statements in the House, Mr. Speaker, as idiocy. Well if that came from certain other people I would feel badly about that, but from the Premier I take it as a piece of flattery, Mr. Speaker. I figure that can only enhance my reputation, it cannot detract from it.

MR. ROBERTS: Maybe the Premier is having an off-day.

MR. ROWE, W.N. Well, I hope the Premier is not having an off day because when he does he invariably says something that he lives to regret, has to take back water, has to go on television and say, "I really did not mean to lambaste the 'Evening Telegram' it was an off-day." The other day the same thing again. I notice also the Premier is much more loquacious after dinner than before, Mr. Speaker, I do not know what the cause of that may be. I do not know if the Premier should probably stick to a more solid diet or not, I just throw out that suggestion.

MR. SPEAKER: Order, please! The matter under discussion is the bill before the House and the member is certainly digressing from the matters that are irrelevant to this debate.

MR. ROWE, W.N. I agree with you, Mr. Speaker, but can you ask the honourable the Premier to sit back and relax now for a little while. I have the floor. As I understand the rules, I can make my points. If the members on the other side of the House insist on dragging me off the main course, well then as you know it is a little difficult to hew to a straight line in that case.

In any event, Mr. Speaker, as I said it was our thesis and I believe supported by the fact and supported by reasonable argument and common sense that the Newfoundland Government was obligated to the extent of \$30 million in the first refinery.

Now, Sir, I then went on to compare the two deals, the first refinery and the second refinery. Again, Sir, I find that the Premier's remarks early in the session in this House do not coincide with reality. He tried to make the first refinery deal look as bad as he possibly could and subsequently he lumped in the first refinery deal with the second refinery deal with no attempt to compare the two deals at all.

I have taken it as my task, Sir, to compare these two deals and to see if the rosy picture painted by the Premier and by his

colleagues is in fact supported, can be substantiated. I find, Sir, quite frankly that they cannot be substantiated and that is not to say that the first deal or the second deal are not good deals for this province. All I am trying to do, Sir, is to paint as realistic a picture of the total situation as I can.

We found that in the first refinery the British Government had seventy-five per cent of the cost of the refinery invested by way of loan and in the second refinery they had dropped down to sixty-two per cent of the cost of the refinery, a substantial reduction there. The Newfoundland Government investment in the first refinery was nearly nineteen per cent of the total cost, as against twenty-five per cent of the total cost in the second refinery. In other words, the government's direct risk in the second refinery is far higher than it was in the first refinery.

Then I went on to say the only bright side of that part of the comparison is the fact that Mr. Shaheen's companies have got more equity relatively speaking in the second deal than they had in the first. In the first deal they had just over six per cent, six point two per cent. In the second deal, if my arithmetic serves me correctly, they have thirteen per cent at risk, thirteen per cent of the total cost of the refinery at risk. In other words, Mr. Shaheen's equity position relatively speaking has about doubled. But that thirteen per cent is a far cry, as I said earlier, from the twenty per cent which is considered by many government agencies, most as far as I can make out, the twenty per cent which developers and promoters should put into a deal whenever they are looking for government help and government subsidies.

Then I compared

these conditions in the present deal as against the first deal, Mr. Speaker, and I find that by and large the conditions in respect of the terms that Mr. Shaheen must live up to and the terms that the government must live up to are identical, with one or two exceptions. The million dollars for land a small amount relatively speaking but more than the dollar that we charged certainly, but that was the policy at the time. I am glad to see that the policy has changed. A million dollars is a small amount compared to the total cost and this province, of course, can use every bit of money that it can lay its hands on. We are happy to see that million dollars there.

The S.S.A. tax position is also changed and I welcome that this afternoon, That is an improvement over the earlier deal. The power rate I believe is the same, the royalties five percent of gross and five percent of net, up to \$10 million, These royalty provisions are exactly the same as the old deal in spite of the fact that as far as the five percent of net with a ceiling of \$10 million is concerned, relatively speaking again, the \$10 million in the second refinery is much lower proportionately, is a much lower percentage of the money that the government have at risk compared to the first refinery. So there it is not an improvement, it is the reverse of an improvement if anything.

The other things, Mr. Speaker, are by and large the same. There are one or two other things which I am sure the Minister of Finance or others will bring to the attention of the House, but there are some improvements in the deal. There are some things in the deal which are not an improvement which are exactly the same and there are certain other features of the second deal which are inferior in quality and quantity to the first deal.

When six o'clock came this afternoon, Mr. Speaker, I had mentioned to the House, much to the chagrin of some of my friends in the House, some of my friends in the government, some of the ministers of the government, I had mentioned that because the deal was not a significant improvement, was not a tremendous improvement over the



first deal, as welcome as it is, because it was not a very tremendous improvement, I raised some suspicions and some doubts. One of them, for example, was why the Premier when he went over to see E.C.G.D., the British Government, the Premier did not take with him the honourable Minister of Finance and the honourable Minister without Portfolio, the other government House Leader, the Minister of Justice, his cabinet committee which had been responsible for reviewing the first refinery deal and therefore, among all his cabinet ministers, all his colleagues, who had to be the most knowledgeable people in the government concerning this deal? Instead, he took with him two or three other very superior gentlemen, (I like to think that we are if not friends then friendly acquaintances) the Minister of Industrial Development, the Minister of Transportation and Communications, the Minister of Education, all admirable gentlemen but the only thing about this, is that their area of expertise, since they joined the government and formed the administration of this province their area of expertise happens to be, if not outside the area of Come by Chance refineries, then certainly more outside than would be the case in respect of the other three gentlemen I mentioned, the Minister of Finance, the Minister of Justice and the Minister without Portfolio.

This situation raises some doubts. There was not a lawyer among them; it occurs to me now, not that being a lawyer is any great attribute. The Minister of Education is not a lawyer as he is not admitted to the bar yet I do not think, he is at best at this moment an academic lawyer without any practical experience in the field.

MR. CROSBIE: Like the Leader of the Opposition.

MR. W.N. ROWE: Well the Leader of the Opposition does not pretend.

MR. ROBERTS: When we went, we took Mr. McCarthy with us.

MR. W.N. ROWE: Mr. Greene, Mr. McCarthy, Mr. Phelan - was he not somebody from downtown? Ned Phelan was over in Paris with us.

That is why the doubts are raised. As I understand it no legal officer of the Crown accompanied the Premier and his officials.

AN HON. MEMBER: (Inaudible)

MR. W.N. ROWE: There were no legal officials, Mr. McCarthy nor Mr. McAulay who had vast experience not only in the Shaheen deal but in the Doyle deal as well, vast experience, Mr. Speaker, on this. As far as I know they were not over there, I did not hear it announced.

The Premier says that all the negotiations took place here. That may be so, but as we remember it, I do not know. The Premier says he did not say that, well I will take his word for it.

MR. MOORES: Nearly all the negotiations.

MR. W.N. ROWE: Some, well okay, that is okay. Some of the negotiations took place here that is all right. One of the major pieces of negotiation took place between the Shaheen group of companies and E.C.G.D. just as it did in the first refinery. Roy Furmark for example must be one of the world's great negotiators as far as ECGD is concerned. He is a man who raised the hackles of the Minister of Justice on occasion, when he was a member of the previous administration and even now. He is a man who is very forthright, straightforward, straight from the shoulder, very little tact and is sometimes very difficult to get along with. Maybe that is the reason the Minister of Justice did not go over, I do not know.

AN HON. MEMBER: He is repetitive.

MR. ROBERTS: The minister has repented, has he?

MR. W.N. ROWE: No, Roy Furmark is repetitive. I dare say he is repetitive, he is like the Chinese water torture, that is how repetitive he is, Mr. Speaker. That is why I have some serious doubts. I have doubts that is all. I have doubts about the fact that members who were most concerned with negotiations with Mr. Shaheen did not go over with the Premier when the greatest, when presumably the greatest portion and the greatest, most important negotiations took place, namely; how much money E.G.G.D. and the British Government were going to put in.

MR. DOODY: What do you mean, most concerned? Do you mean that we are not concerned?

MR. W.N. ROWE: What is this now?

MR. DOODY: You say the speakers were most concerned when they they did not go over there, that does not...

MR. W.N. ROWE: The what? What was this?

MR. DOODY: It does not sound quite right that the ministers were most concerned with the crowd...

MR. W.N. ROWE: Oh no, no, no, Mr. Speaker, "concerned," I do not mean anxious or eager or anything like that, I mean involved.

MR. DOODY: That is not true either.

MR. W.N. ROWE: Mr. Speaker, I am talking about - I can only go by what I hear on the radio as reported by the Premier and others. The Premier set up a cabinet committee to look into the Shaheen deal.

MR. MOORES: The first agreement.

MR. W.N. ROWE: The first agreement. We have a second agreement here which is a replica of the first with one or two changes.

AN HON. MEMBER: Quite a few changes.

MR. W.N. ROWE: Quite a few changes, Mr. Speaker. Balderdash! It is a duplicate. It is a duplicate. All I am saying, Mr. Speaker,

MR. A. EVANS: Over and over.

MR. W.N. ROWE: I have to do it over and over, ministers pop up and obviously misunderstand me. I realize that the member for Burgeo catches on to all these things like that but his colleagues are a little slower, Mr. Speaker, it takes a while for them to sort of labouriously drill it into their cerebellums or whatever it goes into. We will hear something on this from the Minister of Transport in a minute.

Mr. Speaker, the burp from Burgeo should realize that his own colleagues have to be brought along. They do not have the quick flashes of insight that he has on these things; that is why I am repeating it. The member for Burgeo is bored because of the tedious repetition, well then he can leave because he and I are heart to

heart. He knows exactly what I am saying and I know exactly how he has a grip on it. He grasps it but his colleagues...

AN HON. MEMBER: And if you and he had gone to England we would have no doubts.

MR. W.N. ROWE: If he had gone to England there would be the fifty-fifty deal that the honourable Minister of Finance talked about a year or so ago.

For the sake of his slower colleagues, men with I.Q.'s of only say 150 or 160 compared to 300 or so that the member for Burgeo has, I have to repeat it. Let me say it again, that it strikes me as surprising, as a man who was involved somewhat in trying to improve the first agreement, it strikes me as surprising, Mr. Speaker, that the Premier was not accompanied by those members of his cabinet who were most nearly involved, the most involved with what had gone on in the first agreement, had reviewed the thing, had talked it over with Homer White, I would imagine, Mr. Furmark and Mr. Shaheen and all these people and who knew probably a little more as a result of that about talking to E.C.G.D. - also Mr. Greene, Mr. Mcaulay and Mr. McCarthy, people who had been over, who spent weeks over in London sitting down with people from E.C.G.D., Mr. Speaker, and trying to figure it out, and going mad in the process.

AN HON. MEMBER: Locked in rooms.

MR. W.N. ROWE: Locked in rooms, Mr. Speaker, locked in rooms with their counterparts from E.C.G.D. and each of them handed a bowie knife and the one who emerged alive won. That is how bad it was. But, Mr. Speaker, surely that point is not beyond the wit or comprehension of anybody. The point is, it strikes everybody as surprising that the honourable Minister of Finance especially, that great saviour of mankind did not go over. I think he was invited over by the Premier, if you can believe the press reports, they announced this about the Premier but he declined to go.

MR. DOODY: He was told by telephone that he was not needed.

MR. W.N. ROWE: Oh! He was told by telephone that he was not needed. I do not know about that.

AN HON. MEMBER: (Inaudible)

MR. W.R. ROWE: What is this?

AN HON. MEMBER: Opposition by personality...

MR. W.N. ROWE: Opposition by personality. We will see about opposition by personality, Mr. Speaker, when I confront the Honourable Premier and several other of his colleagues with the

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What transpired earlier in various debates regarding Mr. Shaheen, I will not go into it tonight, I will go into it on another occasion - opposition by personality. The Premier stands on the floor of this House and what can only be characterized as -

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: "Crosbie" leave the cabinet? Maybe in the future.

MR. W. N. ROWE: Can I get a word in now, Mr. Speaker.

The Premier rises to his feet and his peroration of his marvelous speech was that "Oh! now we will all settle down; forget the past. Let us forget what has been said about Mr. Shaheen by himself and his other colleagues and let us all face the future together, forge ahead." We are willing to do that, Mr. Speaker. We will be supporting this bill. But the people of Newfoundland, Mr. Speaker, should be, if there is any need (I doubt if there is any need but in case there is a need, we are going to fill the need) be reminded of things which were said concerning the first refinery and concerning Mr. Shaheen and his cohorts and associates. They should be reminded of what was said by this government because the people of Newfoundland should know whether a position assumed by a government is consistent with its stated policy during an election campaign or even before. They should know that. They should hear both sides of the story. I, for one, and I am sure my colleagues do not need any encouragement along that line, intend to remind them as forcibly as I am capable of, Mr. Speaker.

MR. EVANS: (Inaudible).

MR. ROWE (W.N.): Now, Mr. Speaker, the statement by the Premier in this House of Assembly, on page nine (let me have a look at that now and see what brainwave I had when I made that particular note) - when was this made by the way? I believe it was February 26 that the statement by the Premier was made. "The principal terms and conditions of this agreement on this new oil refinery to be owned and operated by a privately owned company, Newfoundland and Labrador Edison Company Limited, are the



following:"(1) It is a condition precedent to the government advancing any part of the government loan, that Newfoundland Refining Company Limited purchase all of the shares of Provincial Building Company Limited and the other crown corporations connected with the first oil refinery with the consent of ECGD as required under their first mortgage and with the consent of the government as required under the wharf agreement so that the project from thenceforth will no longer involve crown corporations of the Government of Newfoundland." (It goes on)

Now the Premier made that statement. It is a condition precedent that the Shaheen people buy out the crown corporations. In other words, they had to do that before any money is advanced by the government to the project.

Now the Premier gets on the floor today and tables, Mr. Speaker, a letter which purports to come from Shaheen Natural Resources Limited or Shaheen Natural Resources Company Incorporated -

AN HON. MEMBER: Purports?

MR. W.N. ROWE: Purports to come - purports to come. The common seal of Newfoundland and Labrador Edison Company Limited hereunto - if the Premier will allow me, I will come to it - purports to come from the Shaheen group of companies. Now I am prepared to believe, Sir, that the Shaheen group of companies will in fact take over the shares of the crown corporations and nothing springs to my mind immediately as to why they should not except that ECGD may require some extra security from the Shaheen group of companies. I do not know. We have not had that explained to us at all. But this agreement, Mr. Speaker, that the Premier waved around and tabled is just a blank piece of paper. I mean it has some writing on it. It says: "This will confirm our agreement that unless within fifteen months after the date hereof Newfoundland Refining Company Limited shall have acquired the shares of building company (holding company, the crown corporations) in accordance and subject to the terms of the supplemental agreement." The supplemental,

agreement<sup>7</sup> by the way, Mr. Speaker, is a mere option on the part of the Shaheen Companies to purchase. There is nothing binding in it. It is a mere option. It is the merest option. There is nothing binding on both sides. It is an option for them to purchase it, before they were heretofore legally entitled to purchase it. Before they could not purchase it until the first mortgage money was repaid and the second mortgage money, the government money was repaid and then they could exercise their powers of purchase.

The supplemental agreement merely gives that option, confirms that option to purchase to the Shaheen Companies but brings the date forward. They can do it now at any time, if they so desire they can do it. Now we get a copy of a letter and I have no reason to believe that there is anything wrong with what is going on but I would like to make one or two points about it. Is this a copy of the original or what? Is there a signed letter from the Shaheen Companies? Why did not the Premier table a copy? Why did he not table a copy of the signed agreement?

MR. MOORES: I can get the signed agreement.

MR. ROWE (W.N.): Well good, Mr. Speaker, - Mr. Speaker, we are here trying to represent the interests of the people of this province. The Premier tabled on the table in this House a piece of paper with blanks in it, as far as signatures are concerned, and -

MR. MOORES: (Inaudible).

MR. ROWE (W.N.): Mr. Speaker, the hon. the Premier can say what he wants to say. This tabling of this piece of paper could only be a confusing act. If he is going to table anything, table the agreement or a copy of the agreement with the signatures and seals affixed to it. Why not?

MR. MOORES: Affixed to the bill.

MR. ROWE (W.N.): Is what affixed to the bill?

MR. MOORES: In other words you do not believe anything a government says. No wonder, you were in one -

MR. ROWE (W.N.): Oh, Mr. Speaker, I do not believe anything a government says? Now if the Premier can keep his cool, I am merely asking him a question.

MR. MOORES: After what you -

MR. ROWE (W.N.): Mr. Speaker, does the Premier have the original copy that he can get a copy off and table in the House? If he will do that, Mr. Speaker, I need say no more. What he did table in the House was a piece of paper - worthless.

MR. MOORES: You need say no more, so you keep going. That is typical.

MR. ROWE (W.N.): Mr. Speaker, why did he not table the original - not the original - a copy of the original. It is a simple enough exercise. There is no more effort involved than in tabling something with no signatures on it.

MR. ROBERTS: He got that one out to table it. Why did he not get the -

MR. ROWE (W.N.): I mean, Mr. Speaker, the Premier - doubt his word? I am here, Mr. Speaker, (the Premier has no corner on wisdom or virtue in this province) we are all here in this province, each one of us, elected to represent a district but each one of us, according to traditions that have grown up about parliament, interested and responsible for the well-being of all parts of this province. I have happened to take it as my task to inquire into the new refinery deal and to make sure that the best interests of this House and the people of Newfoundland are protected. I am merely asking a question of the Premier which happily now has been answered by the Premier; namely, "Has the agreement been signed?" Now the Premier says he is going to table a copy of that agreement. I hope he does. I would like to have a copy for my own file. But other-

wise, it is just a useless piece of paper and the point I am trying to make is that the Premier, with the utmost of good faith and his colleagues, if this is merely the intention of the Shaheen group of companies, the Premier with the utmost of good faith, is relying on Mr. Shaheen and his associates to sign this agreement after this act is through the House. If it has been signed, that is good, I am glad. The impression I got from looking at this was that perhaps this was a letter of intent, a draft copy of the type of letter that the Shaheen group of companies were going to sign, in which case, Mr. Speaker, we would be out of luck if both agreements went through the House because then Mr. Shaheen's obligations and liabilities would be as defined in that agreement, and there is no reference in that agreement.

MR. MOORES: Would the hon. member for White Bay South wish me to table the document, if he is so anxious about signatures?

MR. ROWE (W.N.): I would like to see it. I would like to see the agreement, Mr. Speaker. What is wrong with the Premier?

MR. MOORES: Would you be so good to take it over so he can see it? He does not believe anything, Mr. Speaker, but I do not blame him after the last five years.

MR. ROWE (W.N.): Oh! Mr. Speaker, listen to the Premier! All he is capable of in this House, Mr. Speaker, is to stand up and make some smart aleck comment. He is providing no leadership. The government over there are falling apart in this House. The House Leader is incapable of doing anything because he provides no leadership.

MR. MOORES: When are you going to win an election "daddio?"

MR. ROWE (W.N.): Oh, one of these days, Mr. Speaker.

MR. ROBERTS: Do you want to have one today? Dissolve tonight?

MR. MOORES: Pardon?

MR. ROBERTS: Dissolve tonight.

MR. ROWE (W.N.): I would not mind putting it to the test.

MR. ROBERTS: Let us have an election. Come on! You are all talk.

MR. ROWE (W.N.): Oh, Mr. Speaker, an election!

AN HON. MEMBER: We need a few in the opposition.

MR. ROWE (W.N.): Oh, Mr. Speaker, an election in this province at this stage, I am afraid the Premier would be a very unhappy man - a very unhappy man. I thank the Premier for tabling a copy of the original agreement with the signatures attached. I am delighted you know. I have not had a chance to read mind you.

Now, Sir, I am glad the Premier has straightened that out. Oh, listen to him Mr. Speaker! What leadership is he providing to this province and this House? Facetious comments, smart alecky comments, no major statements of policy.

Now, Sir, - Is that the copy for the table? Yes, well we better give that to them.

Now, Mr. Speaker, if I may I would like to conclude my remarks and I hope I have the same courtesy extended to me as we extended to the Premier. We listened to his remarks and instead he insists on talking across the House. Well, okay, so be that as well!

Now, Sir, I would like to conclude my remarks with merely a brief reference to one thing that bothers me very greatly about this and that, Sir, is the hypocrisy and the cynicism and callousness which this administration has shown in totally reversing its position with regard to Mr. Shaheen and the Shaheen refineries. I am not sorry that they have reversed their position. I am glad they reversed their position but what makes me sad and angry is the fact that up until a month ago, Mr. Speaker, if you had asked any man, woman or child in this province what the policy of this administration was, the policy of the Premier and his colleagues, what their policy was in respect of the Shaheen deal they would have said, "They are against Shaheen. They are against the oil refinery complex and similar deals in Come by Chance. They are against it. They have made that statement and reiterated that statement and repeated it time and time again throughout this province." Now, Mr. Speaker, for them to come into this House and reverse that stated policy, that publicly stated and announced policy is to me the most callous piece of cynicism that we have seen in this House for a long time. There might have been examples which were even greater than that, I do not know. I have not been in the House during a period of time when I have seen such a piece of hypocrisy, callous indifference to what the government had said when it was running for election for example or what the party had said, Mr. Speaker, to the public of this province.



We are going to have a little more to say about that, Mr. Speaker, in a future debate because I think it is important. It will suffice it for now to make two quotations from Hansard of Wednesday, February 25, 1970, two quotations from speeches made by the Minister of Finance, but he is not alone in this. It so happens that he was the most vocal and he was the most articulate and he had most to say on it when he left the previous administration and when he was sitting as an independent reform Liberal, so-called, and after when he became a member of the party which he now belongs to.

AN HON. MEMBER: So he came back to them, does that mean anything?

MR. ROWE(V.N.): Well, I am not going through all the intricacies back and forth as that would take another two hours, how he did this and where he went and why he stayed and how come he left here and went there. I am not going to go into that, Mr. Speaker. I just want to quote a couple of things that he had to say, the Minister of Finance had to say in this House concerning Shaheen and this type of deal. On page 310 of the Hansard which I have cited, Mr. Speaker, the Minister of Finance, called in the Hansard Mr. J.C. Crosbie says, "And I would like to say this right here now, Mr. Speaker, as far as my experience was concerned, and the Cabinet Committee that dealt with Mr. Doyle and Mr. Shaheen - when you dealt with Mr. Doyle, you knew where you were. We would have fierce disagreements, but he was a good negotiator. If we said, no we cannot agree to that. Then why? Although he wanted it, he would say, all right I can live with it" etc. Then he goes on down and he talks about the negotiations and he says, "I found that Mr. Doyle was satisfactory to deal with like that, and was not sneaking around behind your back, going to see the head of the government, trying to get things reversed that had been agreed or to try and pass on

stories or try and put the knife between your shoulder blades. Mr. Doyle was a gentleman to deal with, I found on that Cabinet Committee, and you could deal with him, while Mr. Shaheen and his people were a different quintal of fish."

There is the hon. Minister of Finance, Mr. Speaker, and his precognition, his ability to foresee how events are going to evolve and unfold before him. Mr. Doyle was - Oh I do not know what he was!

MR. CROSBIE: Prince.

MR. ROWE(W.N.): Well, a prince.

MR. CROSBIE: (Inaudible).

MR. ROWE(W.N.): Well, I do not know if he was a saint or not. He was a gentleman and Mr. Shaheen was guilty of Shaheenery and slieveenery and suddenly now the tables are reversed although Mr. Shaheen and his people were a different quintal of fish. Now Mr. Doyle would not try to get things reversed that had been agreed on or try to put the knife between your shoulder blades as Mr. Doyle was a gentleman. But Mr. Shaheen and his people were a different quintal of fish. That is the hon. Minister of Finance, Mr. Speaker. I dare say that -

AN HON. MEMBER: Is that all?

MR. ROWE(W.N.): Oh, no, that is not all. As a matter of fact I am saving the rest of it for another time because what we are talking about now, Mr. Speaker, is the principle of this bill and that we support the principle of the bill.

MR. CROSBIE: (Inaudible) do not worry. Now you can read on about anything you like -

MR. ROWE(W.N.): Listen to him, Mr. Speaker. What am I supposed to do now? Sit down and cry, afraid, shiver in my boots? I thought, Mr. Speaker, that I might elicit some response from the hon. Minister of Finance.

MR. CROSBIE: (Inaudible).

MR. ROWE(W.N.): Listen now, Mr. Speaker. 329, I am almost afraid to read this now, almost afraid, Mr. Speaker, but I made a commitment to my own conscience that I would, so I am going to go ahead with it in spite of the worst tortures or ordeals that the Minister of Finance might have in store for me. So there he goes, Mr. Speaker, the Minister of Finance. Now this is at page 329. These are only two excerpts chosen at random and we have several hundred more which we will read into the record at a later time, not only about the hon. Minister of Finance, not about the Minister of Industrial Development as he is all right on it but the hon. the Premier or the hon. Minister of Justice, even the Minister without Portfolio had one or two words to utter on it.

AN HON. MEMBER: And the Minister of Public Works and Services I think he had a few words on it.

MR. ROWE(W.N.): Oh, one or two. One or two, Mr. Speaker. But anyway the hon. Minister of Finance. I have no, I must say I have no hesitation in saying he has scared me again and I always end up doing this. Whenever he frightens me, I have to flatter him. He is in my estimation in most regards the man for whom I have most regard for in the present administration. I have no hesitation about saying that. I wish, although he might not reciprocate or feel the same way, I wish that any government that I have had anything to do with or might have anything to do with in the future had him sitting in it as a colleague. That is not likely to come to pass but, Mr. Speaker, I have unbounded admiration for him as a man, for his honesty, for his guts and courage and perseverance. I cannot however forbear from making some statements. Well, I better not go too far or the hon. minister might be over here next.

MR. MURPHY: He would make a nice deputy minister.

MR. ROWE(W.N.): Well, I doubt if he would want that job. But a man has to live with his record, Mr. Speaker. God knows that members on

this side of the House who were associated with the previous administration have had enough thrown up to us and we have had a tough row to hoe over here particularly during the last year or so. I have not stinted on it. I will come into the House and hear whatever calumny, whatever vilification any member of this House wants to pour on me. I know what I did during the previous administration's tenure, the two and a half years that I was in it. I know what I did. I know the positions I took and I have most of it documented if ever it need come to the light of day, Mr. Speaker. I have nothing to be ashamed of and as far as political calumny or vilification is concerned I have no hesitation in bearing with that at all, otherwise I would not be in this House, I would be down in some corner some where practising law, Mr. Speaker.

But one more statement by the hon. Minister of Finance. He says on page 329 of the same issue of Hansard, "In considering this industry, Mr. Speaker, and what this government should or should not do to try to get it established here, I have already described the many generous features of the agreement we entered into." Well, if that agreement was generous this one is almost equally so. "And I suggest that if an opportunity comes for renegotiating that agreement and if the promoters have to ask for more concessions,"(which they have)"or any more help from us"(which is the whole sum and substance of this bill)"that is the time for our government to say, 'gentlemen this is now what we will do. You want more help, do you? You want the Newfoundland people, that four or five hundred thousand souls with all their problems, revenues and developments and what they need here in Newfoundland, you want them to put up more to help this project. All right gentlemen, now we are going to devise a new bargain. We are going to take at least a fifty per cent share, depending on how much they are looking for, perhaps more of this project. We will gain it directly," (I will leave out a couple of lines there)"we will get half

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we will get half of the millions that it might or propose to make, hundreds of millions."

Sir, I feel obligated to point this out to the House because I think when the hon. Minister of Finance when he was then in opposition was sincere about that. I think that he thought that if we are going to put up money to help promoters, to help developers, then we should get fifty per cent back not merely by income taxes or corporation taxes, not merely by SSA taxes or the jobs that are produced but that if we are going to put up

equity then we should get back a commensurated amount of direct revenue from the profits of the company. In this particular case, the case of the second oil refinery, the figure I use as to our participation in it was twenty-five per cent. Well in that case, Mr. Speaker, we should be getting directly - I will not hold the minister to the fifty per cent thing because I think that he meant fifty per cent irrespective really of how much we put in. If we made it possible for an industrial development to go ahead in this province by putting in money and if we were taking risks and everything that that entailed, then it should be a fifty-fifty deal, but I would not hold the minister to that, Mr. Speaker. I would say though that if he is going to be consistent and true to himself and what he said during those debates - and they are very good debates if the minister ever looks at Hansard or looks at the clippings of the day, The minister had a lot to say, most of it sound and sensible, I have no hesitation in saying - but if he is going to be consistent and if the government is going to be consistent in the number of similar things which they had to say - other members of the present administration said the same thing, Mr. Speaker, about fifty per cent. The Minister of Justice said the same thing and I have clippings in the office which I will be bringing before this House later to substantiate that. If this administration is going to be true to itself, its word, its publicly stated policy, then we should be getting fifty per cent of the profits of this deal come back into the caucus of the Newfoundland Government. I would not even ask for that. I would say that they would be equally consistent if they said, "We are putting up twenty-five per cent of the cost of this refinery, we should get right out of the profits of the company twenty-five per cent."

I would say that that would be a consistent position but we do not have anything near that, Mr. Speaker. We have five per cent gross in perpetuity and we have five per cent net for so long as it takes to get \$10,000,000. Once the \$10,000,000 is finished with, then we get five per cent gross in perpetuity and the other benefits. We



should be getting twenty-five per cent of the profits of that company but we are not getting anything near that, Mr. Speaker. So, I am sure that we will hear from the honourable Minister of Finance on the subject.

Let me say in conclusion as I said at the beginning that we welcome this. We are happy, as a matter of fact, that the present administration did see fit to make a total and complete and utter reversal in its earlier stated policy. We are happy because we think that this type of development is good for Newfoundland. It is the type of development which we ourselves would have liked to bring in if we had remained in office. It is the type of development which provides jobs and revenue for the province and hopefully will attract other things, petro-chemical industries and associated industries as the years go by.

While we will not become a Ruhr Valley (who wants to become a Ruhr Valley) we will find enough employment, from this type of thing together with other policies suggested by both sides of the House, to employ ninety-eight or ninety-nine per cent of the people who are looking for employment in this province. In other words, full employment! I think the government is on the right track. The only thing that I deplore is their hypocrisy and their total reversal in policy. The people of Newfoundland are very disillusioned but, Sir, we have no hesitation in supporting the principle of this bill.

MR. MORGAN: I would like to say a few words on this bill. First I would like to say that that it is a good deal for the province. I would like to start off by congratulating those ministers who negotiated this kind of a deal for Newfoundland.

Of course, employment is the key factor in bringing industry to this province. The key word is "employment". So, I am only concerned with one section of this bill and that is section (9), paragraph (3). The reason why I am concerned with this is because during the past construction of the first mill, I saw things happening which I do not like as a Newfoundlander and

that is I see subcontractors, I see materials and in many cases labour used on the Come by Chance site in place of Newfoundlanders, in place of Newfoundland materials, in place of Newfoundland subcontractors. I am not going to talk in totally specifics but I will give you a couple of instances.

For example, right now in the Come by Chance site we have a painting contractor called Alt and Company. That painting contractor is not a subcontractor from Newfoundland but an American subcontractor. Now, surely Newfoundlanders in the Procon, the construction company building and refinery at Come by Chance do not have to go all the way to the States to find a painting contractor.

Another instance is the example of Foley Electric. Foley Electric is not a Newfoundland company. It is an American company, an electric company all the way from the States doing work at Come by Chance. As a Bonavista bayman, I ask myself a question. Why? Why do they have to go all the way down to the States to find subcontractors to do work in Newfoundland? It is ridiculous. That is why I am concerned with this section (9), paragraph (3) which states that Edison - this company is going to construct the second refinery - Edison shall in the procuring of materials, equipment and labour and in selecting subcontractors for any work undertaken by it or for its account under the terms of this agreement give or cause to be given preference where feasible and economic.

That is the question that stands out in my mind. When does the company, Edison, decide when it is economic and feasible to use local materials, to use local labour, to use local subcontractors? The most important reason why we are spending \$80,000,000 in Come by Chance is to bring in jobs, to create jobs for Newfoundlanders and the best part of the employment is going to be during construction. I am very much concerned with this section. I think it is very similar - I cannot verify this - I think it is very similar to the previous agreement which states the same thing where Shaheen Natural Resources find it feasible and economic. they will procure local

materials and local labour, etc. Maybe by having government representation on the company of Edison is some assurance - maybe that subcontractors will be used but I hate the thought of it, as a MHA from a rural area, of going into Come by Chance site in the next few months and find that materials are being produced and manufactured in Britian and shipped into Newfoundland, as it is being done now in Come by Chance, materials that could have been produced here in Newfoundland, creating more employment here in Newfoundland.

It would annoy me further if I found that subcontractors are going to be used from outside this province. So, the question mark which stands out is when will the company who is constructing a refinery at Come by Chance decide it is economic and feasible to use local materials? When will they find it economic and feasible? At their discretion? If so, it is wrong. Our government must make sure that all subcontractors and local materials be used during the construction period of that oil refinery. If not, we are going to defeat our own purpose, the purpose of creating employment in this province.

The same section just goes on to say that, and prior opportunity of employment to qualified workmen whose usual place of residence is in this province. That word qualified leaves many unanswered questions because I have seen cases during the past number of months in Come by Chance where Newfoundlanders have been turned down because they were told they were not qualified, but less qualified - and I repeat - less qualified individuals were brought in from outside this province and when to work to fill these job vacancies at Come by Chance. That in my view, as a young Newfoundlander, is wrong. We must not see it reoccurring in the second refinery at Come by Chance. So, we must make sure as a government that local materials, local subcontractors and local employment opportunities or any job vacancies will be filled by local people.

So, we as a government must now embark on a training programme

and embark immediately on a training programme that will provide the personnel not only to work during the construction but to work after the construction on the operation of the refinery. If not, we are going to find ourselves in a situation where the qualified skilled work for that refinery are not going to be found in Newfoundland, So we must embark immediately on a training programme that will ensure that we will have trained Newfoundlanders, qualified Newfoundlanders to take these jobs and operate the refinery after its construction.

My closing remark is, we now have I think a wonderful financial deal for Newfoundland. We must make sure, as a government, that we do have the best employment deal for Newfoundland at Come By Chance.

MR. DOODY: Mr. Speaker, I have a few comments on this particular bill since I was one of the gentlemen involved in the negotiations for it. It was not my intention to speak, because it appeared from earlier statements that the honourable people on the other side of the House had said that they thought that this was an excellent agreement and did not really need all that much debate, so I had not made any great preparation for it.

But after hearing the very defensive position taken by the honourable member for White Bay South during the past three or four hours and to hear him protesting so vehemently that the other agreement that had been made was a great agreement and that this one then, by virtue of its relationship to it, must also then be a great agreement, I feel then that maybe I should bring out a point or two which struck my ear while he was speaking.

This agreement I feel and I am sure that most people in this House, and even the honourable member himself has said is a good agreement. It is good for the province. It is good for the people. It is good for the economy. He thought that there were some points in this agreement which were better than in the

previous agreement but he passed over these. He said that it is nice that we picked up \$1 million for the sale of the land in Come By Chance. He said \$1 million was better than \$1. I remember him saying that. I find that that is a very encouraging sign, Mr. Speaker, it means that the economics section of the Liberal Party is eventually coming to realize the value of money, to know that \$1 million is more important than \$1 to me, I think, speaks well for those few people who are left in the province who feel that there is some hope for the Liberal Party and wants to bring, God forbid, them back into power in this province.

He spoke about the fact that the SSA exemption was a tremendous thing. He felt that it is high time that the Government of Newfoundland, that the policy had been changed, he felt that SSA should be charged on new equipment, on materials, on site construction, he felt that this is a tremendous thing and had they been re-elected, Sir, had they been re-elected they would have introduced this as a policy of the Liberal Party, despite the fact that this province lost millions upon millions upon millions of dollars in SSA exemptions during the construction of the Churchill Falls project, during the construction of other projects. It has been brought to our attention, Sir, that even in this Lower Churchill development, which we are now talking about, an SSA exemption in that area would cost the Province of Newfoundland something over \$20 million. I do not know what the figures would be had we collected SSA on the Upper Churchill.

But the honourable gentleman from White Bay South feels that this is a tremendous policy change and he feels that it is a good thing but it is not all that important, as it is not really a big change in the new agreement.

The full industrial power rate is a nice thing. I am glad that we brought that in, we dilettantes and bon vivants. I spent

most of my supper hour down in the public library looking up the terms which he referred as 'bon vivants and dilettantes' and I did not know whether it was complimentary or not, all I knew is that we went over there and tried to negotiate an agreement for the Province of Newfoundland which was satisfactory to the people and to the province. I am still not quite sure whether it was a good thing or a bad thing but I will certainly accept it. I know he is an honourable gentleman and he would not insult me anyway.

MR. MURPHY: Yes, you hope. How much is social security? You did not mention that.

MR. DOODY: Social security - well the SSA tax which we will collect on the second refinery will come to something between \$12 million and \$14 million. It is not a radical change. It is very important and I think very difficult, but it is more than \$1.00.

There is no management agreement, of course. We are not paying these people any great funds to manage the new site which they can deduct from the gross products. This of course affects in no way the five per cent which we will collect? The five per cent is in both agreements but the honourable member feels that since we have no management agreement on this one and there was one in the old one, there is still no significant dollar difference in the return to the province. There are probably some economists in the Liberal Party who can justify that sort of reasoning, it escapes me.

The first five per cent of the gross profits attributable to the project -

AN HON. MEMBER: Inaudible.

MR. DOODY: He is absolutely correct. It was in the old agreement. The second is a fee of five per cent of net profits of the \$10 million which is in the first agreement. What is important is that five per cent which will continue into perpetuity on this much larger project



which will come to I think a total of \$4 million per year, and perpetuity is the key word. The \$10 million is of course a tremendous amount of money for the treasury of Newfoundland and it was included in the first agreement.

But these things which are glossed over, these things which are relatively unimportant, even this radical new departure and the sale of industrial land, Mr. Speaker, if it had been sold for \$10 an acre or \$20 an acre or \$50 an acre rather than \$1,000 an acre, which it was sold for, that would have been a radical new departure. I will agree with the honourable member, it is more than \$1.

The PC Party, they did not with callous cynicism or cynical callousism or whatever it was or otherwise at any time tell the people of this province that we were against development; not at all against development. It was quite the contrary, Your Honour. What we opposed, Sir, was the irresponsible give aways, the amateur bargaining, the second hand sort of, please take what we have and if there is anything left over, give it to the province. The people of Newfoundland will take it, Sir, and pluck your hair and pull on your forehead and say, "Sir we are grateful to have you here, Sir."

There was nobody in the government, nobody in the opposition at that time (and I was a spectator in the gallery, Sir) who voted against that first refinery bill, if I remember correctly. What they voted against was that \$5 million bridge financing.

The people in this province, Sir, were told by the opposition at that time, and we still oppose that agreement, and we changed that agreement, Sir, that we were opposed to giving away the resources of this province. We were opposed to giving to anybody, John Shaheen at that time was a symbol. He was a person who was held up to the people of this province as an example of what could happen when you

have irresponsible bargaining, when you have people who are more concerned with noise making than they are with industrial or economic development.

When John Shaheen came and talked to the people who are now members of this government, when they talked to the new administration, we were able to sit down with him and work out a deal which I think and which I am sure and which even the honourable members on the other side of this House have agreed, is a good agreement, a decent agreement, an agreement that will bring long-reaching benefits for the treasury of this province.

Mr. Speaker, the obligations of this government or any government are real obligations. Whether they hide under the guise of a crown corporation - and this is a key point and this is the whole sum and substance of the three or four hour speech of my honourable friend across the way, the honourable member for White Bay South, he kept emphasizing and re-emphasizing the fact that the crown -

AN HON. MEMBER: It was a good speech.

MR. DOODY: It was an excellent speech. The delivery was tremendous. I was never more proud of my good friend than I was this evening. The substance was weak but the delivery was tremendous. There was more in the sound than in the substance.

AN HON. MEMBER: The material was excellent.

MR. DOODY: The material was excellent.

MR. DOODY: Excellent.

However it was not accurate and this is also awfully important, Sir, and we must try and set the record straight. If we stay with the honourable and learned gentleman and this is where we dilettantes and bon vivants have a weakness, we are not learned gentlemen, we are very practical people who have to make a living, have to honour our obligations, have to give our word and have to mean what we say when we say it. These are moral obligations that are just as important in my estimation and in the estimation of decent people as legal obligations except perhaps in some cases more binding but although they are not as profitable as some of the more learned people around here might be able to tell me. And this honourable member will never be a lawyer.

AN HON. MEMBER: Inaudible.

MR. DOODY: The law has some standards but they have escaped some of the honourable members on the other side of the House.

However we shall not blight the law society any more than it already has been blighted. What is important, Sir, is the fact that this province or any province or a company or a family or an individual when he makes an obligation or makes a commitment, that is his word that he is giving and it is his standards that are being set. And when the crown corporation of this province or any province goes to the Government of the United Kingdom and says that we are borrowing money, there is nobody in this province naive enough to believe that a crown corporation or any corporation without assets is capable of borrowing vast sums of money on its name alone. It is borrowing money on the fact that it is backed by the Government of Newfoundland or the Government of Canada or the Government of Kenya or some responsible person behind it, and this very point was mentioned to us and re-emphasized to us as we sat with the ECGD people in London. They said your crown corporation, we dealt with, but it was the government that was behind it that was important.

The fact that it was not a legal binding obligation, it is not as important as the fact that it was a moral obligation. Had we reneged, Your Honour, on that commitment or any commitment the word of this province, the word of its corporation, its credit would not be with a plugged nickel. We would not have been able to raise a dime and the previous administration. Now we were called to order last evening or a few evenings ago for referring to it as the previous administration, although I noticed this afternoon that my honourable friend from White Bay South kept referring to it as the previous administration. The Smallwood Administration felt it necessary to send a comfort letter to that British financial institution emphasizing to them the fact that the Government of Newfoundland would in no way allow a crown corporation to default on a debt. I will say that man, although he did not show a great deal of wisdom in that respect, it may not have been necessary for him to have sent that letter, underwrote the facts that every country in the world and every corporation in the world and every person in the world when it gives its word commits its honour and when it commits its honour it has to pay for it.

This is the sort of honour, it is financial decency. It may not be a legally binding necessity. How many of us are bound by legal necessities every day?

AN HON. MEMBER: Inaudible.

MR. DOODY: We had a story this afternoon about a young man and his father who went to the bank to borrow \$2,000. His father said to the bank manager, "My son is a good risk." The honourable member for White Bay South told us this very touching story this afternoon. The father said, "Mr. Bank Manager, my son is a good risk, give him the \$2,000." The son defaulted. And the Bank Manager came back to the father and said, "Your son just defaulted." The moral of this

thing is that the father should have laughed in the bank manager's face and said, "If you had wanted a real obligation, you should have had me to sign it. I have no responsibility for that young man's debts." The rather sad part about it is that father, if he had any respect for his good name, any respect for his commitments, any respect for his honour, would have been obligated to honour the commitment, and then he would have, or he would be laughed out of the community. The idea of the member for White Bay South, was telling us that we should laugh in the face of the United Kingdom if we reneged on a debt that the crown corporation or the crown in Newfoundland had committed itself to, Sir, is ludicrous. It is unimaginable. I would submit, Sir, that there would be no credit left in this province, and this is the whole premise upon which the honourable member spoke for two or three hours today, upon the fact that there was no legal obligations for this province to honour commitments made by a crown corporation whose only asset was the credit of the Province of Newfoundland.

Mr. Speaker, I do not know, there have been times since we have been elected that I said that we did not win an election, they gave it to us because they knew what troubles we were inheriting, Sir, today I was very, very happy to know that we did win that election because had we left the Province of Newfoundland and the credit of Newfoundland and the honour of Newfoundland in the hands of irresponsible people such as this man demonstrated this afternoon, there would not be enough left of this place in ten or fifteen years to pad a crutch with.

The refinery, Sir, this afternoon almost came secondary to me to hear the cavalier way in which a man treated honour and treated commitments and treated decency. Apparently there is nothing important unless somebody has got it written down and signed for and marked.

AN HON. MEMBER: And your fingerprints on it.

MR. DOODY: You have to have it tested by lawyers, and with great respect to my learned friends on this side of the House, and they will probably hang me for it, the lawyers of this world do not have the monopoly on decency or honour. They may have more education than some of us without degree or pedigree, but they do not have a monopoly on honour, on decency, on negotiating ability nor the ability to make a living. As a matter of fact there are those of us in this House who have managed to make a fairly decent living without a law degree.

The fact that my learned friends here were not on that expedition to England, Sir, meant that they were busy over here doing the things that lawyers do best, whatever that might be, while we more practical dilettantes and bon vivants were over doing our thing in England.

AN HON. MEMBER: Corner boys.

MR. DOODY: Corner boys, that is right.

But, Sir, I was carried away for a few moments but I will come back to it in one minute because that to me is the whole crux of this afternoon's exercise - this so-called nonobligation of our province, of our government to honour a commitment by a crown corporation.

Well I will just speak for a moment or two about the two refineries, the total of nearly 1,000 employed out there, the potential of making a town or an economic base in that area larger perhaps than Grand Falls or Corner Brook complexes. The fact that there will be an economic base for that part of Newfoundland, which a few months ago would have been unbelievable, the fact that there will be 1,000 jobs out there with an average income of some \$12,000 each, the fact that every third or fourth paragraph over there, while our friend was apologizing for the previous agreement and kept saying that he was in favour of this one, the fact that the construction period which you will have a peak of up to 3,000 men employed. these things are far too important



for the sort of exercise we saw here this afternoon.

I would just like to say, Sir, before I sit down that, and this is a very serious thing the jobs out there for the people are essential. I think that we have achieved a good agreement, a first rate business deal. I think it is one of the best deals that Newfoundland has ever negotiated. We have a good agreement.

Let me say, Sir, that the very best agreement in the world is not worth a pinch of anything unless there are people working and no matter how good the agreement is, no matter how happy we are all here in this House, no matter how many good points we score in debate and making great comments back and forth, that project out there is not going to be worth a darn unless we get people to go to work out there.

This series of strikes we have had, these wildcats, these walk-outs, these irresponsible movements, whether they are management's fault or whether they are labour's fault, have got to be resolved because they are plaguing this province generally and they are not helping at all in attracting industry to Newfoundland. This is particularly true now that Come-by-Chance is out there. High wages are great. Heaven knows everybody here is in favour of having high wages for the people. There is no man in this House, I do not care who he is, who is more sympathetic to labour than I am or knows more about their problems. You cannot collect wages or salaries unless you are on the job site. I hope that labour and management act responsibly in this province over the next few months because it is going to be awfully, awfully important. We have some tremendously important months coming up. We have some tremendously important things on the way. The potential is there. We have all we need here in this province, despite our drifts from time to time into partisan politics. I suppose this is part of the game.

We must develop and encourage our Newfoundland to move ahead the way we want it to. We can do it and at the same time we can get the rural Newfoundland to be the kind of rural Newfoundland that most of our members here represent. We cannot do it unless we all pull together and work together and that is not only management and labour, it is the opposition and the government. I must say, Sir, that I am very happy to have been a signator to that agreement that we negotiated. I am willing to defend it at any time, any place, at any cost. I do not want to have to defend the first one. I am sorry that our friends across the way felt it necessary to spend several hours today doing so. I am very happy to support second reading of the two bills, no. 60 and 76. If it is possible at all, I might have another word about it later on.

MR. SPEAKER: If the honourable minister speaks now he closes the debate.

MR. CROSBIE: Well, Mr. Speaker, it might appear that there has been a bit of a game played there as to who is going to speak first. I would have preferred to wait until later if there were other speeches from across the way, particularly if they fall in line behind the hon. Leader of the House. I am certainly not going to be in the House here and not speak on this matter because believe me, Mr. Speaker, I am not concerned one bit about this agreement nor am I prepared to take any backwater about my part in it. I am quite willing to discuss or debate this issue and all others.

Now it is the honourable gentlemen opposite who have been saying since the election of March, 1972, that all this business of looking at the past, saying what the past administration did, very distasteful; we should look to the future, we should not be doing it. Yet when they had the opportunity and they think they have one now and they think they are on a good wicket now, they do it themselves. There they are scurrying through the Hansard, plowing through the back Hansards, reading every word, going back to 1970, 1968 to see if they can get a few quotations that will embarrass me. Well they are going to have to dig out a few more yet. I am not embarrassed by the one's that the gentlemen came up with this morning, this afternoon.

Now, Mr. Speaker, before answering some of the points that the House Leader attempted to make, let me say this. In 1968; we have to go back there, because that is where the story starts. As a matter of fact, it is not 1968, it is 1967, the winter of 1967 when the first oil refinery was first proposed. The honourable gentleman mentioned this afternoon or tried to intimate that the first oil refinery agreement was negotiated by myself and the Minister of Justice and Clyde Wells. There was a committee in those days. It was not negotiated by us. It was negotiated by the only negotiator the last

administration ever had, That great negotiator in the sky, Mr. Smallwood. negotiated the last agreement in 1967. He negotiated it. We did what we could to tidy it up, to get some improvements, to try to force some improvements, to see that we were covered legally, but the negotiations were done by Mr. Smallwood. Because of the nature of party politics, Mr. Speaker, and our system of government, I stuck with it from the winter of 1967, fighting it behind the scenes, nauseated by the concessions that were being handed out, by what the government were doing, but I stuck with it as long as I could and the whole story will be given and known some day.

In the fall of 1967, when further concessions were attempted to be given them, I was up in Toronto at the first Constitutional Conference and we had a major session there on it. There are other members in the House who know all about this. I am not going to go into it in detail. All along the piece, we fought behind the scenes about the original agreement but there was no dealing with Mr. Smallwood and that is why I finally had to leave the government. When I left the government, Mr. Speaker, in May, 1968, it was on the particular point of interim financing. After giving the Shaheen organizations all of the concessions that were in the original agreement - crown corporations, so they paid no tax, no S.S.A. tax, no federal tax, no provincial tax of any kind, no royalties, we would not get one cent of revenue, that was the original agreement. After all of those things, fighting all those things out, two and a half million power, power to be given away at away lower than cost, after all those concessions, having swallowed all that (I did my best to get the thing changed as much as I could sticking with it, because that is the nature of the party system, although my guts were turned) after getting that far, after giving that much, when it was finally too much was when Mr. Smallwood, after giving them this deal on which anybody should have been able to go to the banks and get financing from the banks, the government

then decided that they were going to guarantee the interim financing for them too. At that point, I said, "No, I have gone as far as I am going. If you give them interim financing, I am resigning." I gave Mr. Smallwood (I am sorry I have to recapitulate some of this) a week's notice and so did Clyde Wells. I said, "I am resigning if you give them any more. If they get this interim financing, I have to resign." I made a mistake. I gave the man notice and when I did resign a week later, he handed me a letter full of lies and false charges that he was dismissing me because I and my family had attempted to get business from Mr. Shaheen - a conspiracy of falseness and deceit.

There is no wonder, Mr. Speaker, that when I spoke in this House thereafter about this Shaheen deal that I was pretty vehement about it. When somebody tries to stab you, ruin your reputation and ruin you, then that naturally arouses some emotion. It certainly aroused some emotion in me. That letter had to be withdrawn afterwards because Mr. Smallwood knew that I would have taken him to court if it were not withdrawn. It was a tissue of lies and deception. So I had mixed feelings about this deal, Mr. Speaker. Let me tell you this that three or four months ago the Premier told me or that there was a possibility of another oil refinery at Come-by-Chance with Shaheen and what position would I take on it, because if it were Shaheen, would I just absolutely refuse to go along with it? I told him no. I said if the deal is a good one for the province, and it seems to be all right and we are getting more out of it, I would go along with it. The fact that it was Shaheen would not matter. I do not care if it is Shaheen or who it is or whether I like him or I do not like him, I would accept it if it seemed to be a good deal and was to the benefit of the province overall. So I have gone along with this one and I do not say that this is the best deal. I would like a far better one and there are other

members on this side of the House who feel the same way. I have gone along with it, despite the background, despite knowing, Mr. Speaker, that I would hear these cheap jives and cheap jeers and quotations of Hansard and the rest of it. I am prepared to put up with that. I will put up with it, whether it is Shaheen or whoever.

Now as far as Shaheen himself is concerned and myself personally; When this government came into office, the Premier appointed a committee to look over the original deal. There was myself, as chairman, Minister of Justice, and the Minister without Portfolio. We decided then that we would, if Mr. Shaheen were observing the original agreement, if he carried out his obligations; not unfairly harrass him or try to do him in. If he were observing the agreements, if he were meeting his obligations, we would do the same. He had an agreement, with the Newfoundland Government, which we did not think much of. I certainly did not think much of it. If he were observing it, we were not going to force any unilateral changes in it. I have looked into carefully as the other members of the committee have, went through all of the agreements, and he seemed to be observing it. As long as he did, we were determined to observe it also, but to keep them on their toes



and the files will show that we have. During the course of the last year we pointed out, we gave the people of Newfoundland the facts for the first time on this whole oil refinery deal. In the winter of 1967, attached to the budget as a supplement is the first true picture of what the refinery was costing and what the obligations were. What are some of the reasons for the long debates and harangues about this matter in the past, Mr. Speaker, in 1970 and 1971? Because the then administration, the Liberal administration, that the hon. gentlemen were a part of and are responsible for, refused to give us any details or facts and the people of Newfoundland the facts on this oil refinery. Never once did they come out and admit that there were customs duties and sales taxes which were not provided for in the agreement. After two years of questioning, still until they were defeated they would not admit that, that they were not included in the original deal.

This figure of \$160 million for the oil refinery, the first one at Come by Chance, was always a fiction. It was known from the start that they had not included in the prices anything for customs duties and sales taxes and the latest figures will be in the supplement of the budget Friday. It is going to cost them \$5 million or \$6 million currency fluctuations and the rest. So today, Mr. Speaker, the Premier underestimated this afternoon because he has not seen the latest estimates. The probabilities are that the whole thing at Come by Chance, the first one will cost, including the wharf, \$205 million. In any event we pointed all this out to Mr. Shaheen and his people during the year and we refused to pay any more money ourselves. We put in our \$30 million that the government had pledged and they knew that they had to raise additional money, and they have. They raised an additional \$15 million, \$8 million last fall and \$7 million coming up in April and they say they will raise

whatever else is needed and we took the position so long as they do, fine. They do that, we will observe the agreements and we will go along with it.

Now as far as the second oil refinery is concerned, the deal is entirely different than the deal of 1968. By the way, Mr. Speaker, the hon. gentleman refers to the agreement of 1970 when they had a chance to renegotiate with Mr. Shaheen, and they got five per cent gross royalty and five per cent of the net and the power rate was changed. Why were they able to do that? Partly because the Leader of the Opposition and the House Leader were a bit sharper than Mr. Smallwood. Partly because they were in a far better negotiating position with Mr. Smallwood, Wells and I having left the cabinet and all the other events taking place and the present Minister of Justice gone and the Minister of Finance, they were in a much stronger position vis-a-vis Mr. Smallwood than we were in 1968 when he was cock of the walk, when no-one in Newfoundland could do anything politically, and partly because on the opposition side we had hammered the thing and particularly I had hammered the thing for a year or two. That is why they got some of those changes.

MR. ROWE (W.N.): (Inaudible).

MR. CROSBIE: Yes, and presumably he needed more and had to give some.

So the 1970 changes which were improvements to that agreement were certainly improvements to that agreement and were vastly improved from 1968. That is the first thing I want to establish. In 1968 the deal was a deal that I can hardly credit now anyone ever accepted, it was so bad. Not a cent of revenue for the government of the province, nothing for the province except 350 jobs at Come by Chance, tremendous assistance for Mr. Shaheen and nothing else. The changes

made in 1970 were improvements but in that political climate after having to attack it for a year or two years, getting no answers and with a government that refused to give any information on it they could hardly expect the opposition to go along with these changes they suggested. I believe but I have not looked up the records, I am not spending my time, Mr. Speaker, scurrying back through the Hansards to see what I said or did in the last three or four years but I believe I voted against those amendments when they were introduced. I am not sorry for having done that because we were dealing with a government so arrogant in power that it would not even give you an iota of information as to what was happening at Come by Chance or what the additional costs were.

Now the hon. gentleman today spent a lot of time on whether or not the Newfoundland Government had any obligation apart for the \$30 million in the first agreement. Now, Mr. Speaker, it is no good trying to fool any member of this House. For four years the Liberal administration tried to argue that it had no real obligation apart from the \$30 million that went in, but how could the Government of Newfoundland give Kleinwort-Benson and Procon Great Britain Limited and Shaheen and ECCD letters stating that they would stand behind the projects, that they would put more money in the project if Newfoundland Refining could not raise it and all the rest of it, if they did not mean to stand behind it. Surely, Mr. Speaker, -

MR. ROWE(W.N.): Quite a few signed it but I do not remember who -

MR. CROSBIE: Mr. Smallwood signed them. Surely, Mr. Speaker, no government can give commitments and letters like that to financial institutions and come to this House later and say, "Gentlemen, we lied. We misrepresented to ECCD and Kleinwort-Benson and Procon and Newfoundland Refining, and our word cannot be taken." Surely that cannot be the case. There are a whole batch of letters, a veritable batch of them here. There is one letter of October 16, 1970

to Kleinwort-Benson, signed by Mr. Smallwood on behalf of the government, Joseph R. Smallwood, Premier, and he makes reference to the Sterling Financial Agreement and it advises them that in the event the monies provided under the Sterling Financial and the first and second Euro-dollar Agreements and so on are not adequate for the purpose of completing the construction of the refinery by reason of increased costs of construction arising out of any short-fall between the contract price and the cost and because of Canadian and provincial taxes and duties or increase in the contract price or interest on delays in payment and so on the government would either provide such additional funds as may be necessary or else introduce into our House of Assembly and support as a government measure, legislation designed to authorize the expenditure of such funds by the government as may be necessary to complete such construction. "It is to be understood that the government's undertakings in relation of these additional funds is not intended to relieve Procon Great Britain Limited of any of its obligations under the construction contract."

That is a letter from the Premier of the province, October 16, 1970. There are doubtless others. Here is one here to the Export Credit Guarantee Department, October 16, 1970, "You have agreed to assist in the provision of finance for construction..." so on and so forth. "The bankers have entered into a financial agreement. I can assure you" (this is Mr. Smallwood, the Premier of the province) "as a matter of policy the provincial government would consider it to be its duty to ensure that those companies should meet their obligations to the bankers and would take any such steps that might be necessary to enable them to do so." Now how can anyone argue, in the light of letters like these to Kleinwort-Benson and ECCG, that any government could ever again raise a nickel or a loan in England or anywhere else

because the financial market of the world is a very small place, they all know one another. If any Newfoundland Government, if that project got into trouble, said to ECGD, "Ha! Ha! gentlemen, that was not legally binding. That was only a letter. It was not authorized by order in council. It was not authorized by legislation so now just forget it. We are going to let you lose your \$130 million and the people of Newfoundland are laughing up their sleeve. You are like the old man who said to the bank, 'Give my son a loan.'" That would get some laugh over in England, that would.

These are letters signed by the Premier of the province -

AN HON. MEMBER: Would the hon. gentleman table the letters -

MR. CROSBIE: Yes, I have no objection to tabling them. The hon. gentleman must have seen them before anyway.

MR. ROWE (W.N.): Are there any orders-in-council?

MR. CROSBIE: I do not know. I cannot remember if we had a search made on that or not. It was difficult to find. We do not need the RCMP on this. This is only relevant now, Mr. Speaker, because there is some argument whether the Newfoundland Government was obliged.

MR. ROBERTS: Would the hon. gentleman yield for a minute? I only want to ask a question. The question is were the government obliged morally or were they obliged legally? I think that is the question. Could he - Were the government in his opinion legally obliged, leaving aside moral?

MR. CROSBIE: No, Mr. Speaker, I have always agreed and I agree

gentlemens' administration, their government, in their prospectus - here is a prospectus here for a bond issued March 5, 1971 when the Smallwood administration was in power - why did they feel that in their prospectus they had to say this? On page 16 it says, "The province has no legal responsibility with respect to the obligations of the corporations which will build and own and operate the refinery other than as specifically set forth above." (above describes the various agreements) "Nevertheless, such corporations are principally owned by the province and it is possible to conceive of circumstances under which the province might deem it desirable voluntarily to provide financial support for such corporations."

Now, the province was advised that they should put that in the prospectus. It is a very gentle little warning but what it is really saying, Mr. Speaker, is, "investors watch out. The province has no legal responsibility but we are bound to tell you that it is possible to conceive of circumstances under which the province might deem it desirable voluntarily to provide financial support for such corporations." This had to go in because if you file a prospectus down in the United States, you must inform everyone of what your possible liabilities are. The last administration knew that while it was not legally liable, it would certainly have to stand behind these crowned corporations if anything happened.

Now, what changes that in this deal, Mr. Speaker? If ECGD and they have already done it, they have agreed and if the Government of Canada agrees under the wharf agreement and if they do not then they will have to be bought out of the wharf - but if these two parties agree, the Shaheen Companies are going to take the shares of those three crown corporations, they are no longer crown corporations. ECGD and the rest have to acknowledge to the Government of Newfoundland, as is in the agreement before the House, that we have no business responsibility, no moral responsibility and no financial responsibility for those companies. That means that we are free of any argument,



any jot or tittle or small portion of an argument that we have therefore any longer responsibility on the first oil refinery.

Now, the honourable gentleman said, "Why if it was worth anything did ECGD give up these letters they had from the Government of Newfoundland?" They gave them up, Mr. Speaker, because the honourable the Premier and his party insisted on it or the deal would not go through and they wanted the deal to go through. Why? Because they wanted to sell almost \$200,000,000 worth of English equipment here in Canada to be put up at Come By Chance and they would not be able to do that if the second deal did not go through. They were convinced by the position taken by our negotiators that unless they did agree, the second deal would not go through and they would not sell or the English manufactures would not sell \$150,000,000 or \$200,000,000 worth of equipment. So, they agreed to drop this letter on the first refinery.

Another factor presumably would be this, that they know now that the first refinery is there and is pretty sure to be completed. So, it is not as risky as it was three or four years ago. That is doubtless another factor with them.

We also, as a government know one reason for entering into another deal with Mr. Shaheen is that the first refinery is pretty well there. So, he has shown that he can get this far, that it is not operating yet, that he has got something on the ball, that he is not as fly-by-night as he might once have appeared to be. Conditions have changed a lot since 1970, Mr. Speaker, and that has to be recognized too.

There is another point too. I do not like boring the House with my own position but since it is made an issue and doubtless will be even more, I have to do it. What is another reason, for example, for my agreeing to support this arrangement, Mr. Speaker? Well, another reason is this that we have been in office since January

18, 1972 and heaven knows that any other oil company that was interested in establishing in Newfoundland had ample opportunity to get in touch with this government before this arrangement was made with Mr. Shaheen in February, 1973. We were in office twelve months. It was well known that we were no friends of Shaheen. Yet, not as far as I know - I think I am right - not one oil company, not one oil engineer, not one oil promoter, not anybody with a touch of oil on his fingers came to the government to say that they were interested in establishing a refinery or anything else there, would we support them or would we do anything. We were not contacted by one. The only one that seems to be interested at the moment is Mr. Shaheen. That is another reason for supporting this. That is certainly a further great reason.

No one else. Imperial Oil have had their chance. Irving Oil have had their chance. Gulf have had their chance. They have all had their chances. There has not been one here. Nobody came to see us knowing that we were not friends of Shaheen and his organization. So, that is another reason, Mr. Speaker, why I felt that it was worth supporting.

A third major reason - I know there was another one. Oh, yes the third reason is this that Shaheen must have something on the ball, Mr. Speaker, because he seems to have been able to realize what the energy crisis was going to be several years before it happened. There is no question whatsoever to my mind as long as that oil refinery physically works that it is going to be a big money maker. Why? Because now the United States is wild to import oil. I think they still have import quotas but they are not of any importance. If you look at the forecast of any of the experts in the oil business or experts in economics and so on for the next twenty years, you will discover - and I am sure all honourable gentlemen know it - that there is not enough oil in the world to feed the United States for the next twenty years, that they are going to have to go from oil to nuclear

energy to laser nuclear energy to God knows what else in their effort to keep up with their demands and needs for energy in the United States. The price of oil is going to go up. It is going to become economic in the next ten or fifteen years to develop the oil shale out in Alberta and other parts of the United States because the price of oil when it goes to three or four dollars a barrel will make that economic.

So, an oil refinery here in Newfoundland that refines oil and has the United States for its market has to be on to a good thing as long as he can continue to get the crude oil. So, Mr. Shaheen has to be given credit for being a shrewd individual who apparently knows his business and several years ahead of his time he saw that this was likely to happen, and I will grant him that.

AN HONOURABLE MEMBER: He should be canonized.

MR. CROSBIE: Oh no, he should not be canonized. He has caused this province a lot of grief too or these all-political mentors did. I am not canonizing Mr. Shaheen, not on your life. Mr. Shaheen is here to

MR. CROSBIE: make money and if he helps Newfoundland make a few dollars while he is here all the better. Well I am not canonizing any businessman. They are doing their thing to make money for themselves, fine, if it helps us -

MR. NEARY: Inaudible.

MR. CROSBIE: The honourable gentleman is going to go straight up one day, I do not know straight up where.

Now, I do not want to be too long on this thing. The refinery that we were told and that they would not deny was \$160 million, Mr. Speaker, eventually when we got into office it appeared to be \$195 million last year, and it is going to be \$205 million.

The wharf at Come By Chance is now going to be \$23 million rather than the original \$20 million. We are hopeful that the federal government is going to provide the other \$3 million. The customs that was not included in the original price - I remember standing in this House in 1970 asking questions, laughed at by Mr. Smallwood and the government. Your Honour I asked what allowance was there for custom duties? Are there any? Would not answer. Are there any federal sales taxes? Would not answer. What about currency fluctuations? Would not answer. Well we got the answer last year and they all added up to \$35 million we had not been told about.

Mr. Speaker, as long as I am a member of the government, and I do not think it is going to be any problem, this government is prepared to tell the public just what they are getting involved into, it is \$308,500,000 and if we find out in six months time that it is going to be \$310 million or it is going to be \$315 million, we will tell the public. We will not attempt to hide it. What is there to hide? But we were not trusted. The people of Newfoundland were not trusted by the last

administration and that changes things also.

The Premier has outlined some of the advantages of this, the sales tax, the full rate for power, the increased \$40 million in equity, no crown corporations, \$1 million for the land, the corporation tax that we should get in seven years time - not quick enough mind you, the royalty fees and we have covered in this, when you read the agreement, Mr. Speaker, you will see that all custom duties are covered and federal sales taxes, none of which were covered before. In the mortgages there are going to be mandatory prepayments, so we may have a quicker pay-out than the fifteen years contemplated. We may get our money back in ten. All of these things have been covered and conditions prescedent. We do not have to go ahead until these condition prescedents are met. They are going to pay the full power rate which they are paying now.

The honourable gentlemen did not think in 1970 when Mr. Shaheen gave up the two and a half mill power, he got the agreement of the Government of Newfoundland that the Newfoundland and Labrador Power Commission would have to buy all its bunker "C" fuel oil from the oil refinery at Come By Chance, subject to the Golden Eagle agreement, because Golden Eagle has an agreement that it argues applies to the Government of Newfoundland.

So if the Golden Eagle agreement did not interfere, the Newfoundland and Labrador Power Commission had to buy up the 5,500 barrels a day from Shaheen. The honourable gentleman said that getting Shaheen to surrender that was not any major concession, well I think it was.

Number one - the Newfoundland and Labrador Power Commission does not want to be tied down to buying its oil from anyone. If it is known that you are under an agreement where you

must buy oil from some particular oil company, at the best prevailing market price but you have to buy it from them, nobody else is interested in bidding because they know that everything being equal that you have got to give it to, in this case it would have been the first refinery. So it would have cost them more for oil. They did not want it. It was an impediment to them. It would have cost them more for oil and now we are free of it, that is another advantage of this present agreement. There are a lot of advantages to it.

The honourable gentleman says this is a continuation of the liberal policy of heretofore. You know this is such childish foolishness. I do not see, Mr. Speaker, in any province the provincial political parties, difference in policy among any of them. What is the difference between the policy of this government PC so-called, and the policy of the Regan Government in Nova Scotia, liberal so-called, and the policy of the Government of Manitoba, NDP so-called. Where is the differences in their policy? There is none. The policies of all of them are to do the best they can to develop their province. They are all trying to attract industry. They all (when they got a few dollars) increase their social services or allowances or benefits. None of them are any different. The Liberal Regan has got a refinery in Nova Scotia. The PC chap who used be out in Manitoba got into a disaster out there with the Churchill Falls.

There is no difference in policy really between the Liberal Party across the House and this government, no difference in policy, a difference in people. That is what counts. The public has to look at two or three groups of people and leaders and decide which group of people and leader do they prefer over the other. That is the only difference in provincial politics. It is not a question of philosophy through it at all.

They looked last year and they decided which group they



were going to trust the most to do something for them. In three years or four years time it will not matter what the names of the parties are. They will look again and make another decision based on what they think then and how this group has done as compared to the group opposite. All this business about Liberal policy is so much childishness and propoganda, perhaps it is politically useful.

This is not a continuation of Liberal policy. This is just a rational policy of accepting a deal if it appears to have more benefits than costs. It is not a cynical reversal of Progressive Conservative policy. There was no Progressive Conservative policy that was anti-Mr. Shaheen. There was a Progressive Conservative policy that was anti-agreements that had been entered into with him, that had given him too much, not anti-Shaheen. I have never been anti-Shaheen. I have never hated -

AN HON. MEMBER: Inaudible.

MR. CROSBIE: You can have your turn. I have never hated Mr. Shaheen.

I did not like the way he attempted to treat me in 1968 with Mr. Smallwood but he has learned his lesson since then, I think. I do not hate anybody opposite. I have never hated anyone in politics. I do not hate Mr. Smallwood. I disagree with people and if I disagree with them strongly I express my views but as for hating Shaheen or Smallwood or whomever, it is just not in it.

MR. NEARY: The honourable minister prays tonight.

MR. CROSBIE: It is not in the picture. It is not a matter of hate or like. When you are in a government, Mr. Speaker, it should be a question of is the deal all right or not.

Now I personally, if I was in charge, I might have said, "Give us fifty per cent of the equity or get out," and Mr. Shaheen would have been gone I think, because I know that the Premier and myself and the Minister of Industrial Development

and so on tried the equity bit. He would not give on it. He just would not give on it. Whether he would have given at all if he had been fired out and told not to dart in the door again until he relented, I do not know but over the several months that this matter has been discussed he would not relent. He takes the position as the Premier said, "All right you go ahead and put up the refinery and operate it, if you want the equity." So we have not got the equity. I still think that would be a great thing.

AN HON. MEMBER: Twenty-five per cent.

MR. CROSBIE: At least twenty-five or thirty-three and one third. However, we have not got that. I would certainly like to see it and there will not be a third refinery, unless it is leased

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Yes, some equity, I am not going to bona fide the amount. Now, Mr. Speaker, let us see what else the honourable House Leader said - comfort letters, crown corporation, financial, would not have to pay ECGD, is that all? Forget percentages, the honourable Leader of the House quoted percentages. He was a mathematician supreme. If patriotism, Mr. Speaker, is the last refuge of the scoundrel, mathematics is the last refuge of the found-out politician. He had this percentage of that and if you cut that off this, the wharf was left here, you had ten per cent there, My golly, I do not know why he did not get a better deal in 1970, if he can add and get percentages like that. All of those percentages are of no account.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: He had more equity than he knew of.

The honourable gentleman said there is not sufficient improvement in this deal to justify the about-face. Well I cannot see that naturally, I just fail to see that. There is enough difference certainly between this and 1968. There is a huge, vast difference and between this and 1970 there is another

huge difference, and I have tried to point out some of the differences and the honourable gentleman knows it enough to say that they are going to support this bill but for political reasons he wants to say that it is a complete about-face.

Now could I put his mind at rest. On this trip to London, it has the honourable gentleman so upset because the Minister of Justice was not there, and the Minister without Portfolio was not there and I was not there, I was not there because I did not want to go. I had been away, Mr. Speaker, the week or ten days previous and got back here I think it was on a Tuesday afternoon, the Premier wanted me to go to England on Thursday and I say no, I could not, I had too much work to do just having gotten back but that if he thought it was really necessary for me to come over, I would go over on the following Tuesday. He said he would let me know.

Everything had been agreed with Mr. Shaheen before they went

they went and on Tuesday I spoke to the Premier and he said that there did not seem to be any need for me to go there that they were discussing matters with E.C.G.D. and there were no great difficulties and he did not need anyone else there. What is the point of going, Mr. Speaker, if there is no need in you going? I am certainly not going to hop over to London, England and spend two days just so I could say that I was over there and it sounds glamorous. If the Premier needed anyone else over there, really wanted me to go or found that it was necessary, I would have gone over there. So there is no mystery about the trip to England none at all.

I wanted to keep my expense account down, I was afraid there might be questions asked in the House and sure enough, the Leader of the Opposition is already snooping around wanting to know what I spent travelling last year, outside the country.

The honourable gentleman spoke about callous cynicism. Frankly, I cannot see this callous cynicism business until I look across the House, then I see callous cynicism. That is one of the difficulties with politics, this callous cynicism. The honourable gentleman quoted me about dealing with Doyle and Shaheen. I do not take a word of that back, that is the way I found it in 1968 when I was on the committee dealing with Mr. Shaheen. It has not happened up to date in the present government, but there is a different atmosphere in the present government, as anyone who was in both governments will know, and in 1968 it was impossible. Mr. Shaheen, knowing that he was dealing with a one-man government by and large, once he had difficulty with the people he was dealing with, went to him to get things changed, and it was just - you could not live with it. I am not apologizing for that statement.

Mr. Shaheen is now dealing with a different government, with a different committee and with a different Premier and that is not the experience to date and I do not think it will be the experience

in the future. Mr. Doyle to negotiate with in those days, I found easier to deal with than Mr. Shaheen. I do not mind saying that but it has nothing to do with how his deal turned out because it turned out very badly. I do not apologize for that or for any other quotes you can come up with.

For my own part, Mr. Speaker, knowing that I would have to listen to a lot of gibes and jeers, and this is something you take in politics, I think that this deal is justified. With my history and experience with the previous administration, with the Shaheen group and so on, it took a bit of doing even to have ordinary dealings with them when we got in on January 18, 1972, but we have been fair and reasonable with them and, to date, they have been fair and reasonable with us. Another very important thing in this whole deal, this is only the bare bones of the deal before members now, there are a lot of important things to be done yet. What is in the first mortgage? What goes in the second mortgage? What happens there? These are important things. How this is administered and how it is enforced. As long as I am in the government, I am certainly going to do my part to see that we are as hard and as tough as we need be in settling the rest of the details of this agreement.

It may be a political chameleon or it may be callous cynicism, I do not think it is, I think it is just being realistic. If there had been another oil company come in here. if there had been anybody else interested, if Mr. Shaheen had not met his obligations on the original agreement I would not accept this. Because he has done those things, because he seems to be the only one, because he seems to be able to get the job done, although we are still waiting for this other refinery to finish, which is not his fault, there is fault there but it is not his, because of all these things I am quite willing to support this and endure the jeers, sneers and homilies that will be cast upon me.

MR. ROBERTS: Mr. Speaker, may I begin by asking for a glass of water?

It is the only liquid refreshment that I should take at this stage.

Sir, it is hard to know where to begin on this one. My colleague, the member for White Bay South, made an absolutely masterful speech this afternoon which he concluded after our dinner break and I thought when he sat down that he had said pretty nearly everything that needed to be said on this side of the House. He put our position with conciseness and with clarity. He has made some extremely good points and he made them very ably. Then the gentleman from Bonavista South got up and raised a point that really had not been touched on by the Premier in his introductory remarks nor by my colleague in stating our position, the Liberal Party's position. I thought the gentleman made a very good intervention.

The point which he raised about employment and about insuring that our people get the maximum benefits they can from this project or from any other project is a very good one and one which must always be in the minds of those who are responsible from time to time for making the policy of the Government of this Province. I confess candidly, having said that, that I do not really know how to find words that would improve on the words in this agreement which are copied almost word for word from the original agreement. I think the subcontractors — there has been a phrase added about subcontractors.

AN HON. MEMBER: Who was the original draftsman?

MR. ROBERTS: The original draftsman? I have no idea who the original draftsman was, Sir.

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: I am glad the honourable gentleman drafted the original one. He told us that he was nauseated by the original one and I find it very amusing that he drafted the agreement that he was nauseated by. Typical of the honourable gentleman. To say that he is speaking out of both sides of his mouth is perhaps to put it too gently.

MR. CROSBIE: Cyril Greene.

MR. ROBERTS: Yes it was Mr. Cyril Greene, who happens to be one of the best draftsmen in the province. Mr. Cyril Greene drafted, as far



as I know, all of the 1970 amendments. He may or may not have drafted the bill now before the House.

The point about employment, I do not really know how to find words, the problem is there and of course the problem is just the one the gentleman from Bonavista South put his finger on; what is economically feasible? No company I suggest is going to accept an obligation to do something that is not economically feasible. If they were that sort of businessmen, if they accepted that sort of obligation, one should be very wary because either they are fools or charlatans or both.

The clause though, to try to reassure the honourable gentleman, can be very effective. There was a point three or four years ago when Atlantic Fisheries came to the government, the Smallwood administration, I was a member of it, and wanted to close the Marystown fish plant. I just wanted to close it, walk away from it. The honourable gentleman from Placentia West quite properly looks up but the Atlantic Fisheries wanted to close the plant. The market was down and they were having troubles and problems and they wanted to close it. We took the position they should not and could not close it and we relied upon a clause in the agreement between, I am not sure if it was the government and Atlantic Fisheries or whether it was Mooring Cove and the crown companies up there, but it was certainly between the Crown on one side, whatever entity of the Crown and on the other side the Atlantic Sugar people, Atlantic Fisheries, whoever the parties were to the agreement. There is a clause that they had to operate the plant as long as it was economically feasible to do so.

We agreed to get in a consultant firm, I am not sure who, I rather think it was Kates, Peat, Marwick. It will be in the files somewhere, Mr. Harry Dustan could find it for the honourable gentleman. We got the men at a joint cost, the government paid half the shot and the Atlantic Fisheries people paid half the shot and everybody put what arguments he wished to the committee, to the consultants and the

consultants came in and said that in their view it was economically viable, the plant was economically viable even at that point, so accordingly Atlantic Fisheries forgot their plans to close the plant. Since then of course, the industry has had a very fortunate and a very happy recovery and now they are going ahead by leaps and bounds, they are going to buy another five trawlers. They are having another five trawlers built.

I just bring that up as one example to my knowledge where the economically feasible clause can be useful. It takes behind it a government with enough guts and gumption to enforce it and to stick by it. I do not know really how to find other words. I do not know how a company could accept an obligation any more onerous than that. Having said that the problem is still there, what do you do? What do you do if we do not have enough pipefitters in this province? I suppose the common one is that for some reason there have never been enough bricklayers. When this building was built, it was built in 1957 or 1958 I guess, it was opened in 1960, the House moved in here as I recall it, the first session was the winter of 1960. Mr. Jim Greene was the Opposition Leader, he had been elected I believe in 1959 and the honourable member for Bell Island was in the chamber ...

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: No, no, 1962 I am sorry, the only member left...

MR. A.J.MURPHY: Progressive Conservative on Bell Island at that time.

MR. ROBERTS: That was about the time that the gentleman for St. John's Centre was trying unsuccessfully to get elected to the St. John's City Council, as I recall it.

As I was saying, Mr. Speaker,...

MR. MURPHY: (Inaudible)

MR. ROBERTS: In a way, I regret that the honourable gentleman is awake. He has been asleep for most of the session and I regret that he is awake. I am glad to have him listen to me but on the other hand

would he listen, Mr. Speaker?

MR. MURPHY: I beg your pardon...

MR. ROBERTS: Mr. Speaker, the honourable gentleman can beg  
whatever he wants but would he -

MR. MURPHY: (Inaudible)

MR. ROBERTS: Mr. Speaker, will Your Honour ask him please to be  
quiet? He is really most irritating.

MR. MURPHY: (Inaudible)

MR. ROBERTS: No, I certainly will not.

MR. ROBERTS: He will not retract his statement.

AN HON. MEMBER: Order, Mr. Speaker, Order!

MR. ROBERTS: No hesitation at all. The honourable gentleman gave every appearance of being in the arms of Morpheus.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Is Your Honour prepared to enforce the rules?

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Hold on now. Will Your Honour please ask the -

AN HON. MEMBER: Inaudible.

MR. SPEAKER: Order, please!

MR. ROBERTS: As a predecessor of your self said, Mr. Speaker, the honourable gentleman has the right to be heard in silence.

I thank the honourable gentleman for St. John's Centre for retreating into the arms of Morpheus once again. I wish him well.

Now as I was saying, Sir, the gentleman for Bonavista South spoke and I thought made a very, very good contribution. Then the Minister of Economic Development, the junior member for Harbour Main, got to his feet, we do not hear enough from him. We really do not. I wish he would intervene more often in debates, I suspect he will because I think he is finding his parliamentary seat and I think he is discovering that he is at least as good as the best in this House and that he is able to express himself with some clarity and articulately, quite forcibly and eloquently.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Well maybe because he is a non-lawyer or perhaps

despite the fact, I leave it to the honourable gentleman to decide that point. But he made in parts a useful contribution. I realize there had to be a rebuttal to my colleague's statements they were much too effective, much too close to home, much too truthful, much too weighty, much too forceful.

MR. DOODY: They were much too kind, they were killing.

MR. ROBERTS: Mr. Speaker, I shall not kill the honourable gentleman. I would have absolutely no thoughts at all of that. I prefer to let him do it himself politically, which he will. Yes, it will take time, it will take two or three years.

Mr. Speaker, for a while when the honourable gentleman was speaking I really thought or my mind went back to years past in this House either when I was a reporter. Five or six years whatever it is, I have been a member of the Chamber. He sounded exactly like Mr. Smallwood. I mean that as a compliment. The honourable gentleman may not take it as such.

AN HON. MEMBER: It is no compliment.

MR. ROBERTS: Mr. Speaker, the gentleman from Burgeo, as my colleague said this afternoon, grasps things more quickly than the rest of us. I wonder if he could allow we poor, humble, meek, mortals, our own little bumbling way about trying to make our simple point. I mean the fact that he can go right to the heart of the argument, that he can nip the kernel of the nut should not be allowed to inhibit the rest of us. He should not. I mean he has the right to speak in this House. I wish he could make a speech once in a while because I would like to hear from him. He might deal with the most recent issue of the "Newfoundland Express" which quotes a constituent of his saying that the honourable gentleman is by far the worst man they have ever had represent them. I read it. I did not agree with it. I do not think the honourable gentleman represents them at all. That is another story.

Now, Mr. Speaker, the next speaker we had was the honourable gentleman for St. John's West, the honourable Minister of Finance, who as always gave us a performance and Lo! and Behold! Out of the wings he comes, like Lady Macbeth. You know that scene, Mr. Speaker, in Macbeth, which says: "...hold MacDuff till Birnam Wood to Dunsinane doth come! I was referring to, the Minister of Justice Twigs - he has

the point. What is this I see before me? Well here comes the honourable gentleman, the Minister of Finance, just as Lady Macbeth does in that particular scene.

It was not one of his better performances. I must say I merely thought we would be in for one of his virtuoso performances. We had some of the elements, we had his jot and tittle remark, which really he should copyright. It is very uniquely his own remark, "a jot and a tittle". It could be "a tot and a jittle." Sometimes when the honourable gentleman is speaking I think it is a tot, or a tot too many. But he has patented that remark, we had it trotted out again and it leaped down the floor of the chamber and did its stuff and leaped on out again, back into the kennel for another day. We had one or two little tricks. We had the usual snide personal allusions to honourable gentleman over here. We are quite accustomed to it. We had his usual bit of handwringing.

Then we had what I thought was quite a well put together statement by him of his feelings with respect to the original Shaheen deal, the original Shaheen deal, call it the first refinery. Why, he had managed to swallow everything he had said about Mr. Shaheen and had seen the light; what was it that Mr. Smallwood used to say so often That old, I think it was the Salvation Army hymn or it may be a Methodist hymn, "While the light holds out to burn the violent sinner may return."

AN HON. MEMBER: Come over.

MR. ROBERTS: No, Mr. Speaker, I may have lost an election, I am quite candid on that but I at least have faith and standards. I will not go over. The only way, Mr. Speaker, I shall cross that floor is when the people of Newfoundland put my party back there to be the government. That will happen at some point.

AN HON. MEMBER: You may not be around.

MR. ROBERTS: Well I may or may not be around, I do not know. I do not know. If the honourable gentleman would like to have



an appeal to the electorate today, I should welcome it. You know I am quite willing at any time to bide by the verdict of the electorate, I am not like a certain honourable gentleman over there, the Premier who denounced the electorate in Bonavista/Trinity/Conception on the 31st. of October this year for daring to vote (I am quoting the "Evening Telegram" that could be wrong, I realize.) The story of the Premier denounced the electorate over there, bitterly criticized them; daring not to elect his party's candidate, Mr. Woodman.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: I am being at least as pertinent as speakers on the other side, Mr. Speaker. It will be found in the "Evening Telegram" the day after the election, I guess it was October 31. No hard feelings on my part for what the electorate did on March 24 last year, they had a choice and they made the choice. No problem at all. No problem at all. In due course they shall make another choice. Well and good, we shall see what happens. But that is the only way that I will cross back in the House, despite the honeyed invitation of the honourable Minister of Economic Development.

But the honourable gentleman for St. John's West made a good - it really was quite moving and I agreed with much of what he had to say. I do not claim to be the world's great negotiator, I may even be among the world's worst, but I had a little bit of experience dealing with Mr. Doyle. As my colleague said, the record as to what we did or did not do will stand, it is there. It has been misrepresented badly by the honourable gentleman opposite but it is there. I am quite willing to have anything I have done or not done make public, equally willing in anything we did in the Shaheen deal. My colleague and myself, accompanied by John Nolan, ministerial level, worked very long and hard on the 1970's amendments to the first refinery deal. We made it, I think, a much more viable deal. I will make the minister a bet, a proposition. Down in the files of the government here he will find a copy of the feasibility studies for the first refinery,

The government at the time of which I was a member did not table them. We did not publish them. We did not.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: We did not. You can say all you want about them, Mr. Speaker, we did not. Whether we should have or should not is a matter for the honourable gentleman to decide. Every man can have his own opinion on that. But the fact is, we did not. Well they are down there. I do not know what department they are in, but they are in the files, if not I have a copy of them. I will supply the honourable gentleman with my copy. Interesting reading. Let the honourable gentleman table that and let him table the feasibility studies that will be done for this present refinery, the new one, refinery number two. Let him table it. Because those feasibility studies will reveal how much the government are getting out of it and how much the Shaheen enterprises, by whatever name they are going by, will get out of it. Then we shall see, then we shall know.

I think, Mr. Speaker, the 1970 amendments will stand the test of time. I do not claim they are perfect. To quote again my friend for White Bay South, "I have the genius of hindsight." Sure looking back we could have had a better deal. We could have had a four lane Trans Canada Highway. Anybody thought it at the time, but it was a miracle to get a two lane Trans Canada when we got it. If we could only renegotiate the terms of Confederation, if we could only do that, Mr. Speaker, my heavens what we would not have. I mean that is the most inane sort of argument in the world, "if only." I mean, what was done was done. There was nobody at the time to do better. The honourable gentleman at that time said and he told us he does not recant a word, nor should, he said there should have been a better deal at the time. We should have had equity. Then he stands here tonight

and says now he knows why we could not get equity. My heavens, Mr. Speaker, if we could not get an equity on an unproven refinery with a guy whom hon. gentlemen opposite called a crook and a scoundrel and a promotor and a rogue of every description, they painted the man as if he were a common criminal, a thief, a crook, out to rob this province and rob the people of this province. They said that there would be no oil supply contracts, that John Shaheen would never get the crude oil for Come by Chance. That is what they said. Then they said, if he gets the oil he will never sell it. He will never sell the product at an economic price, they said that too and against that factor we were negotiating. John Shaheen at that stage had not built a refinery on this scale. He put together the one at Holyrood, a great success. It has helped considerably in Harbour Main District. It provided employment. It is a thriving little industry out there. I do not know how many people are working there, 100 or 200. There are several hundred more around the island working in the Golden Eagle Service Stations and delivering the home fuel oil, the heating oil.

That is all John Shaheen had done. He had been involved unsuccessfully in a project to put together a pulp and paper mill. It still has not materialized. It had not materialized then. He was attacked not only by the members of the present administration but attacked by all the oil companies and all the vested interests in that industry. Up and down, in and out they tried to sabotage and attack him. Fine, we got the best deal we could against that background. Today the government come before the House and they are no longer dealing with a crook or a thief or a rogue or some sort of underling or underhanded man. Now they are dealing with a man who has put together a refinery at Come by Chance that is a reality and will be extremely profitable for this province and even more so

for John Shaheen.

He is putting together a refinery in Nova Scotia where the opposition are attacking it, the Progressive Conservative Party there are attacking, they are attacking him personally. It sounds so familiar. If you read the Halifax newspapers, Mr. Speaker, you would think you were in Newfoundland in the spring of 1968 or the summer of 1970, that is what you would think. They want Mr. Shaheen to appear personally. It all sounds so familiar. Shaheen now has the prestige of making an agreement with this administration. Not bad. That is good. It is a very good deal for John Shaheen. He will make \$200 million or \$300 million out of this. I do not begrudge him a cent of it. As the hon. Minister of Finance said, and I quite agree with him on this, quite agree that Mr. John Shaheen is not in Newfoundland to do Newfoundland any favours. I am willing to bet he told the Premier at some stage in the negotiations, "Look if I do not make a deal with you, I will go to Puerto Rico or I will go to Nova Scotia or I will go to any one of a hundred places." If he made that statement, I suspect it was true.

He cannot go to the United States because there is no place left in the United States where you can build a refinery. There are only two states in the Eastern - I speak of the Eastern United States, Mr. Speaker, I do not know of the West Coast. In the Eastern United States there are only two states with deep water harbours: Maine and Delaware. Delaware, a year or so ago the legislature of that state, and it is a matter within the state's competency and under the American constitution, passed a law saying that no refinery shall be built in this state and the State of Maine I believe a similar proposal is now before their legislature and is generally, if one can believe the press reports which of course is all that I have generally considered, that it will be accepted, that it will be signed into law by their governor, whoever he may be and then accordingly there will be no refineries built in the State of Maine.

That means, Mr. Speaker, that Mr. Shaheen cannot go to the United States and yet as we know too well there is a great energy crisis. The price of oil is going to go sky-high and then go higher still. So where will he go? Well, he is going to come to Newfoundland and he has gone to Nova Scotia and I would not be surprised if he shows up elsewhere. The man is a developer. He is quite a great developer in his way, quite a great developer. The fact that he goes elsewhere should not bother us. It may even hearten us.

But now, now, Mr. Speaker, we will have to deal with some of the points made by the Minister of Finance because he was the only hon. gentleman opposite, the Minister of Economic Development with all respect said nothing except one general point on moral versus legal, said nothing that is worthy of rebuttal. It is worthy of comment but I do not think he would expect a rebuttal. He made a nice little speech. It will read very well in the Hansard. It sounded very well as he made it. It could have been made by Joe Smallwood and it has been made by Joe Smallwood in this House several hundred times, some of it even in one debate.

MR. DOODY: (Inaudible).

MR. ROBERTS: No but Mr. Smallwood made them infinitely more effectively.

MR. DOODY: That is right he -

MR. ROBERTS: Yes, he also got elected seven times, that is five more than the minister has made as yet.

MR. DOODY: Well, it is no credit to democracy.

MR. ROBERTS: Oh, the hon. gentleman does not think it is any credit - The people of Newfoundland voted for Joey Smallwood and the hon. gentleman thinks that is no credit to democracy.

MR. DOODY: (Inaudible) it is the methods that were used.

MR. ROBERTS: The methods that were used were the normal methods of getting enough votes. Would you like to talk about Bill Saunders again?

Does the hon. gentleman want to talk about Bill Saunders?

MR. DOODY: One of nature's gentlemen. He saw the light -

MR. ROBERTS: Well, he is seeing the light in Florida at present.

MR. DOODY: He is not. Clearwater.

MR. ROBERTS: He may be in Clearwater. He may be going to see the man to whom he protested loyally that he would stand by him and his party on the evening after he had signed his resignation as a member of the House.

MR. DOODY: Bill Saunders drew the sore point.

MR. ROBERTS: With me? No, I just want to see the truth about Bill Saunders. The problem is I know the truth but I cannot say it. I mean that is the problem, let me be quite candid. I know the truth. I know what happened and maybe even the hon. gentleman does. When I say I know, I do not know in the sense of law but I believe and I believe with good cause. I think the Minister of Health could probably tell us a word or two about it.

DR. ROWE: I beg your pardon. I will not tell you stories and I say that very definitely.

MR. ROBERTS: Well, we shall see.

MR. SPEAKER: Order please! I think the hon. Leader of the Opposition is wandering a little.

MR. ROBERTS: I was merely trying to deal with some of the points opposite. Well, we will have an opportunity. We will see if in due course the government will allow men to be examined under oath about that curious series of events. Well, we shall see.

AN HON. MEMBER: It will all come out.

MR. ROBERTS: Yes, it will. It will all come out.

MR. SPEAKER: Order please! Would the hon. Leader of the Opposition speak to the principle of the bill, please?

MR. ROBERTS: I am speaking to the principle of the bill. I could not be closer to the principle of the bill. This bill is about the



development of Newfoundland, Mr. Speaker. Of course it is. As I was saying before, the hon. the Minister of Economic Development made a very pretty little speech but he did not say very much. He made one point but since the hon. Minister of Finance made it, I shall deal with that and the hon. gentleman will perhaps take my words addressed to the Minister of Finance as being also inferentially addressed to him.

MR. DOODY: I will have another go some other day.

MR. ROBERTS: Feel free as we are going to be here, Mr. Speaker, for another two or three years at least and I am all for it. I am all for him having another go at it. I said, I hope the hon. gentleman enters into the debates more often. He has something to offer.

Now some of the points made by the Minister of Finance: He dealt or attempted to deal, he mentioned the arguments raised by my colleague about the percentages of the money in this deal as opposed to the money in the original deal. Well I have noticed something about the Minister of Finance and it is an old debating trick. It is not a new one but it is a good one. When he cannot answer an argument, when he cannot deal with the facts, when the facts are against him, he tries to make ridicule and poke fun. Well, that is what he tried to do on these percentages because the fact remains, Mr. Speaker, the fact remains that if you look at what percentage of the total cost is coming from each of the sources involved, the three sources, it is obvious and apparently it is true that this is a better deal from the British point of view, they are not taking as large a share of the risk, but it is a worse deal from the province's point of view because we are taking a larger share of the risk and Mr. Shaheen or the Shaheen companies, Labrador Edison or whatever it is called, Edison Company Limited whatever it is, what is it?

AN HON. MEMBER: Newfoundland and Labrador Edison.

MR. ROBERTS: Newfoundland and Labrador Edison are putting up a larger percentage of the equity. The figures are what?

AN HON. MEMBER: Thirteen per cent.

MR. ROBERTS: Thirteen per cent as against 6.2, so it is more than double. The British involvement which by the way is not the British Government, as hon. gentlemen opposite have tried to pretend, it is Kleinwort-Benson leading a syndicate of banks -

MR. CROSBIE: Guaranteed by the British Government.

MR. ROBERTS: Guaranteed by the British Government's, ECGD Department. It is comparable to the Import-Export Bank at Ottawa or to any one - I suppose every nation have a comparable one. My friend mentioned the Hermaeys arrangement but it is not. The British Government are not putting one nickel into this. They are

guaranteeing it. The Minister of Highways looks dubious but I can assure him that I am correct on it. What they are saying is if Newfoundland, Labrador Edison do not pay their bills, do not pay the amounts due to the British syndicate, the banks - we were not told I do not think, how many banks were in it. I think there were nine in the original syndicate led by Kleinwort-Benson. I understand that Kleinworts are the leaders in this syndicate as well. I assume there are at least nine banks, maybe more, putting in their money. They put it in on short-term. It is only seven year money, very short-term money. They will get it out in seven years, which shows how profitable this deal is, how profitable these refineries are. That gives you some indication, Mr. Speaker, of the sorts of cash these things generate. The Minister of Finance said that maybe in ten years the whole capital cost of this refinery will be paid off. I understand that the original refinery will be paid off in ten or twelve years the same way.

Mr. Speaker, that means that that refinery will generate about \$320 million net after operating expenses, after taxes, because they will have to pay taxes both in this refinery and in the original refinery. The only concession on taxes in respect of the first refinery is the deferring of those taxes through the quick capital cost write-offs. This refinery will get (I do not know if it will get quick capital cost write-offs) capital cost write-offs, Mr. Speaker. It will get them. It will get them in full measure because that is the income tax law of Canada. They will write-off every cent of their capital and everything they can call capital, just as they did in the other one. That will give you some indication, Sir, of the sorts of cash this will generate, at least \$320 million, after writing off all the operating expenses. It is not including the royalty, the gross royalty and the net royalty. The thing will make-in ten years it will pay for itself. It is incredible the amounts of cash these things generate. The original refinery the same way. As I recall it, if one added it all up, Mr. Speaker, it was \$300 million, the original one was .

Mr. Roberts.

My colleague from White Bay South perhaps would remember - \$300 million in the first ten or twelve years, it would have ended up, not bad. This one is three times larger. It would be \$600 million, \$700 million, \$800 million, \$1 billion this thing will generate in ten years, twelve years, fifteen years. It will make \$300 million after operating expenses because they have to pay off the - then one adds on the interest of six per cent on \$300 million, on a reducing balance, that is of the order of \$200 million over a ten year period. I am sorry. It will make \$40 million a year -

MR. MOORES: After applying the service fee.

MR. ROBERTS: That is after paying the interest but not after repaying the principal. After repaying the principal?

MR. MOORES: A surplus of two million dollars a year -

MR. ROBERTS: Hold on now. It will make. You know these are rather interesting because, after all, you know we are making this refinery possible.

MR. MOORES: Yes the cash flow - five per cent of the net profits, after all the financing terms have been retired, including the mortgages, that will be five per cent, plus \$40 million.

MR. ROBERTS: Oh, the royalty but the financing - is the Premier saying that the gross royalty will be \$2 million a year? What he is saying is that the gross royalty will be \$2 million a year?

MR. MOORES: No, the net royalty.

MR. ROBERTS: The net royalty.

MR. MOORES: After all loans are repaid.

MR. ROBERTS: But the net royalty, we only get up to \$10 million.

MR. MOORES: You were looking for the profit picture.

MR. ROBERTS: Yes. So it is \$40 million a year, is it?

MR. MOORES: After all loans are repaid.

MR. ROBERTS: After depreciations, after interest, after all operating charges -

MR. MOORES: After the repayment of both loans.

MR. ROBERTS: After the repayment of?

MR. MOORES: Both loans.

MR. ROBERTS: It is staggering. It really is but that is the way the oil business is. I do not remember the figures from the original one. I suspect that they are of the same sort of magnitude. It is incredibly profitable. The honourable gentleman was talking about percentages, where the money was coming from. He could not deal with my colleague's argument. He tried to ridicule him. Fine, entertaining, he was good. The Minister of Finance would make a great comedian. He is a great comedian. He has loads of opportunities to learn, both now and in a previous reincarnation.

MR. CROSBIE: He learned from the master.

MR. ROBERTS: Yes, he learned from the master. Too bad he did not learn some other things from his master as well, like loyalty.

MR. ROBERTS: Mr. Speaker, when he could not deal with him, he tried to ridicule him. Let them stand on the record. If the Government of Newfoundland are far more at risk in this deal than they were in any previous deal, twenty-five per cent of the capital cost is our money. The Minister of Finance will pay it out in a series of cheques over two or three years, the construction period.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: He said this afternoon that it will be the first money in. I am afraid that is always the case. The British people will wait until almost, I do not know, almost all but until a large part of our money is in before a dollar comes across from the UK, or a pound or whatever they send across to us.

They are very good. When you deal with them you begin to understand, Mr. Speaker, how they ran a colonial empire for two or three hundred years and how they made England the wealthiest country in the world. You begin to understand that. I am an anglophile. I have a very deep admiration for England, her people, her literature and for her laws and for her culture. I do not have too much for the way she treated her empire.

You begin to understand, Mr. Speaker. One begins to understand the sort of men who said, "You shall not settle in Newfoundland." In 1820 they finally allowed us to live here, legally. Anybody whose family was here before about 1820, Mr. Speaker, and the honourable Minister of Justice's family were in Burin indeed one of his great great great great somethings guided Captain Cook in 1766 or 1767 - the honourable gentleman's forebearers were here illegally. He is descended from law-breakers, any of us whose people were here from about, I forget, 1819, 1820.

In 1817 the first governor spent the winter here. He died. They pickled him in rum until they could get a ship out in the ice.



They shipped him home to England. You begin to understand the mentality, Mr. Speaker, when you deal with them.

DR. FARRELL: What kind of rum?

MR. ROBERTS: What kind of rum? I am sorry the honourable gentleman is much more an expert on rum than I shall ever be.

DR. FARRELL: That is obvious.

MR. ROBERTS: Yes it certainly is obvious that the honourable gentleman is an expert on rum. He makes it quite obvious.

MR. CROSBIE: Inaudible.

MR. ROBERTS: Yes I have no doubt that the Finance Minister would like to pickle me.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The honourable gentleman does not have to listen. If he wants to leave he is at liberty to. I mean if he wants to leave my feelings will not be in the least bit hurt. Indeed if all of them want to leave, it is fine. We will close her down.

DR. FARRELL: The honourable Leader of the Opposition never makes personal attacks.

MR. ROBERTS: Mr. Speaker, I do not make personal attacks. The honourable gentleman looked at me and said I knew about rum. He is drawing his hair shirt on again now.

DR. FARRELL: I just asked him what kind, Sir.

MR. ROBERTS: I said I knew nothing about rum and the honourable gentleman said I did.

DR. FARRELL: I asked you.

MR. ROBERTS: Yes, I said I knew nothing about rum. The honourable gentleman does.

DR. FARRELL: I only asked you a personal question.

MR. SPEAKER: Order.

MR. ROBERTS: Thank you, Mr. Speaker, as it were to speak in silence.

I think that is a great phrase, to speak in silence. But the fact remains that the involvement of the people of Newfoundland, Sir, in this deal is significantly greater than the original deal.

Now let me come right on to make a couple of points about what I think is one of the central arguments that have been advanced by each side in this debate. They have advanced different sides, and that is the question of what obligation did the Government of Newfoundland or the people of this province have with respect to the original one, the original deal.

I think the positions are quite clear, Mr. Speaker. Everybody agrees that legally the Government of Newfoundland have no obligation whatsoever to do anything about the refinery at Come By Chance except such obligations as they may have under the second mortgage which they hold as mortgagors. The government advanced \$30 million, they are now advancing \$80 million. A crown corporation borrowed the rest of the money. A crown corporation gave us security, a mortgage on the property, and I do not care what the British people

who said to the Minister of Economic Development - I do not doubt what he told us they said, I do not doubt that for a second - but the security; he got up and he said there was no security other than the government's word. Mr. Speaker, the security for that mortgage, for that British money, the \$120,000,000 coming in now, the security for that money now or six months from now will be the same as the security on which that money was advanced, namely our first mortgage to the refinery at Come By Chance together, I believe, with assignment of the sales contract and the crude oil supply contracts. That is the security, not the security of the Government of Newfoundland. If it were the security of the Government of Newfoundland, the British people would have asked and would have insisted on, if they had wanted it. There could have been no deal without their consent. A guarantee by the government: They would have said, "No guarantee, no money. No ticky, no laundry." They did not say that, Mr. Speaker. What they said was, "Our -

MR. DOODY: May I ask that?

MR. ROBERTS: Yes, anytime the honourable gentleman wants to.

MR. DOODY: If you were the leader of the government and if the crowned corporation defaulted, would you honour the obligation? Would you or would you not?

MR. ROBERTS: I will deal with the point but I am going to come around to it in my own way.

The only security, Mr. Speaker, on which that money was advanced by the British is the security they have today, is the security they had three years ago when the money started coming in. It is the security they will have two years from now, a mortgage for the refinery, assignments of the sales contracts, assignments of the crude contracts. That is the law. That is the position. The British not only have extremely good local counsel, one of the few firms that is not represented in this House, extremely good local counsel. Sir, I suppose they are still active, I do not know.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Not that firm.

I was just trying to point out that the honourable House Leader is once again going to try one of his ploys. I expect I will still be talking at eleven o'clock, if it will make the honourable gentleman rest easier.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: No, I will not be talking at twelve or one o'clock because at eleven the Speaker will leave the Chair. He has to. That is what the rules say.

AN HONOURABLE MEMBER: It has to be done.

MR. ROBERTS: What has to be done?

MR. DOODY: The member from Burgeo is making -

MR. ROBERTS: Oh, I am sorry. I thought it was somebody serious, for a minute.

Mr. Speaker, that is the only security that the British banks and the British Government guarantee in them - they asked Mr. Smallwood obviously for a statement of what the policy of the administration would be in the unlikely event that the thing went belly up, that it began to default.

Remember these things, of course, Mr. Speaker, do not happen all at once. Once does not default on \$120 millions. One defaults on one year or maybe a-half year's payment, six months interest and six months worth of repayment of principal, whatever the schedule is. There is always the right to cure. Then it becomes a question not of law but of policy. My colleague made the point. He made it time and time and time again but obviously it was not understood or did not want to be understood by honourable gentlemen opposite, that legally the government of this province could say simply, "Dear Kleinworths, dear mortgagors or dear mortgagees" (I never did understand the difference) anyway the ones who ought to give the money as opposed to the ones who ought get it, "dear British banks, you have your security. Realize on your security. Forget it."

That would have been a policy decision. Call it a moral

decision if one wants. It would have been a policy decision. The government would take that and what they would do, I do not know. They would have a lot to consider. They would have their own credit to consider. They would also have the \$30,000,000 standing behind the British money to consider.

AN HONOURABLE MEMBER: They would have credibility to consider.

MR. ROBERTS: I said credit, or credibility, whatever one wishes, the effect upon the province, a province that must forever go to the bond market to look for large - \$200 millions this year. When the Finance Minister chalks in his budget on Friday, I have seventeen cents that there is at least \$200 millions deposit on capital account this year. I do not know. I mean, I will put the seventeen cents up. It is a budget secret. Well, okay I will wait till Friday.

Mr. Speaker, the government would have to step in to cure it or lose their \$30,000,000.

I mean one would have to take the normal risk that any second mortgage carries with it. If the Minister of Finance becomes as affluent as the member for Placentia West and goes into the second mortgage business, which he is in with my colleague from White Bay South and a number of other gentlemen, and starts lending money on second mortgages, a reputable business -

MR. BARRY: (Inaudible).

MR. ROBERTS: The hon. gentleman is not in it. I am sorry, his wife may be the shareholder, but he is in the second mortgage business.

MR. DOODY: No, no, (Inaudible).

MR. ROBERTS: Oh, well, it is a legal business, I agree with the Minister of Economic Development. It is too bad that people have to go to that type of source for money.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: No, I am interested -

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: We will know if we ever get a conflict of interest bill, if it has any teeth in it we will know.

Mr. Speaker, when a person advances money under a second mortgage, he does so in the knowledge that if the first mortgage defaults he has a choice, either he steps in and picks up the first mortgage or he takes the risk that the first mortgagee will sell it, under the law, realize his assets, sell them, and what is left after the first mortgage is paid the second mortgagee gets to go against his debt. Now that is a matter of policy, Mr. Speaker. My colleague time and time again made the point but did not succeed obviously in getting it across. There is a matter of law. There is no obligation on the government of this province in respect of Come by Chance other than the \$30 million. None. Not one. Not a jot, not a tittle, to quote the Minister of Finance, not a scintilla and that



is the word used by the same judge who made jot and tittle famous. That is not a ritual of the Minister of Finance. He cribbed it. He borrowed it. He researched it.

So, Mr. Speaker, this is the reed, this is the base on which the government rested and placed their entire case. The Premier in his statement, the original statement at the end of February or whenever it was, you would think it was a day of jubilation and in a way it was, rested his entire argument, and this afternoon he did the same thing, on the premise that the province by endorsing this second arrangement, this second deal, Mr. Shaheen and his companies would get out from under an obligation. Well, Mr. Speaker, that is a falsehood. That is not correct. I am not saying it is a lie but I am saying it is not true. It is not correct. It is not and I am not saying the Premier told a lie. I am not saying that. I want to be quite clear. The Premier and I may differ on things but we do not differ on that sort of thing or at least we have not and I hope we shall not. But it is not a statement of the fact, Sir. As a matter of law the province is not obligated. Minister after minister and gentleman after gentleman have admitted that. So we are not getting out from under any obligation.

The British are not doing us any favours. They are agreeing to allow Mr. Shaheen to buy the crown corporations now instead of ten or twelve years from now when the debts are paid off. They are doing it obviously not to do us a favour, not just to sell \$200 million worth of oil refinery equipment. That is important to them but that is no benefit if they have to lash out \$120 million on the first mortgage that the British Government have guaranteed. They are doing it because they know they will get the money. They are doing it because they are not lessening their security one iota, not the smallest portion of their security are they giving up. It is

as secure now as it was six months ago because their security is the mortgage and all the ancillary things in that mortgage.

So when the government base their entire case they say - "Hosannas! We have the government off \$120 million in obligations." They are not presenting the true story. They are not stating it fully. The government will be as much obligated after that as before it. The government is still on the hook for \$30 million and if anything ever happened would still be faced as a matter of policy with either seeing a major industry default, which I suggest could not happen, or watching their \$30 millions go down the drain. Not only that but we are going to be on the hook for another \$80 million or \$78.5 million this time and maybe, who knows, next year they will be back looking for more. I can hear it now, "Escalations, unavoidable escalations. It will all be in the budget, Mr. Speaker." I can hear it - another supplement to the budget. The budget is going to look like an accordion with supplements to it. It is about as elastic as an accordion too. It goes up and down and in and out and makes a noise and sometimes even a pleasant sound.

Mr. Speaker, the government are not fooling the people of Newfoundland by the cosmetic job they are trying to do. People see through this. Businessmen and lawyers know what is happening and the government,

when they come around and say that; "Oh, we are getting out from under; we are getting this great benefit!" I do not think they are even fooling themselves, as a matter of fact. They certainly are not fooling anybody else. They will repeat it. They will go on saying it. The Premier will say it. Information Newfoundland will spew out releases. They have been spewing out too many releases lately. They will be spewing them out. I can hear them now and see them now. We may even have colour films, Sir. It is very interesting. Let me repeat. The security is the same. It will be the same, in law, exactly and precisely. I suggest, Sir, that it will be the same in fact. As a matter of policy - my colleague was talking law, not policy, but he was right in law. He was right. As a matter of policy - to hear the government talk somehow things were improved. I am saying that they are not changed in the least, nor are they. As a matter of policy, I do not think a government would let it go under. They did not let Stephenville go under. They were not obligated to finish Stephenville. They could have walked out with the figure I saw in the newspaper on Friday or Saturday which was about \$50 million or something they had to pay on their guarantees. They did not let Burgeo go under. They bailed out Spencer Lake. They made him even richer.

MR. DOODY: They bailed out the people of Burgeo.

MR. ROBERTS: That is right and Spencer Lake held the bailer.

MR. DOODY: It was a social commitment.

MR. ROBERTS: That is right, a social commitment to give Spencer Lake \$1.5 million more than the mill was worth.

MR. DOODY: To save the people of a rural community

MR. ROBERTS: That is right. I hope we do not save everybody at that, not at that price. The government, Mr. Speaker, of Newfoundland, whoever they are, if ever this thing goes sour financially will be faced with the

same dilemma, when this bill goes through in respect of the first bill at Come-by-Chance, as they would have been if this bill did not go through. Nothing has changed in fact or in reality - nothing, no matter what the Premier says. The Finance Minister did not even attempt to deal with it because he knows. He knows what it is all about. The Premier, when he gets up to speak, to close this debate, will doubtless come back at me on the point. I hope he does because it is the central point of the government's argument. I think it is a false point. It is a wrong point. It is a misleading point, inaccurate and incorrect. It is not the full story.

Now, Mr. Speaker, the Minister of Finance in his speech read a statement from a prospectus issued I believe in March, 1971. I do not remember the statement of prospectus. These are written by the officials. They are checked by the legal officers. I do not suppose there is anybody in cabinet who ever reads them. I suppose the Finance Minister, whoever he is, may from time to time reads prospectus. I do not think anybody else ever does in the government. That is why one has officials. I believe they are signed by the Deputy Minister of Finance, are they not, as a rule? Yes, the minister concurs. He is the comptroller of the Treasury. He is the permanent head of that department. He speaks for the government. It is not his own statement. If I marked the words down correctly, he said, "It is conceivable that, we, the government will have to finish it." That may not be exactly - it was page sixteen, as I recall it. It may not be an exact quote but what the quotation said was that the government had a legal obligation so forth, \$30 million, and then no other legal obligation but if it got in difficulties, it was quite conceivable that the government would finish it. Well, of course, that is true. Of course, it is quite conceivable, almost anything in the world is conceivable, Mr. Speaker. If anybody had ever thought that the honourable gentlemen would be in a Progressive Conservative Government

it would be - even that is conceivable. That has come to pass.

I suggest, Sir, that it is as conceivable now after this bill becomes law, as it was then, no more and no less. This bill changes nothing. It is exactly true of the second refinery. We will have \$80 million of the province's cash, not just credit, but cash. The minister will have to go out and borrow it. He will have to go to the money lenders. He will have to borrow it. He will have to pay it over to Edison Company or their contractors or probably to both jointly, \$80 million or \$78.5 million. It will have to show in a prospectus, second mortgage. There will be a same statement or words to the same effect.

it is conceivable that if this project does not pay the province will have to step in and finish it.

MR. CROSBIE: No that will not be in any more.

MR. ROBERTS: Will not be in any more, no?

MR. MOORES: (Inaudible)

MR. ROBERTS: I am sorry! The Premier...

MR. MOORES: 9(10)

MR. ROBERTS: 9(10) - 9(12)

MR. CROSBIE: Read the bill.

MR. ROBERTS: I have read the bill a number of times. That is the wrong bill, that is why there is no 9(12). I helped to write a bill on this once.

MR. CROSBIE: I know.

MR. ROBERTS: 9(12). "Nothing in this agreement shall be deemed to require the government to advance any moneys towards the costs of the project additional to the government loan."

MR. W.N. ROWE: That is the same as the first one.

MR. ROBERTS: That is in the original agreement, that sort of thing. A statement of the law but I am not talking about law.

MR. MOORES: (First part inaudible) you repeated it, the fact that we were not down to any set amount but because it was not a crown corporation like the House Leader said, that we may have to advance extra moneys that we are not allowed to advance...

MR. ROBERTS: What are you talking about? No.

MR. W.N. ROWE: You are not permitted under the first agreement to advance any further moneys.

MR. MOORES: And here.

MR. ROBERTS: Yes the same, sure they go almost (what is the word the American lawyers use?) they track. I am sure that the Minister of Justice knows it, they track. They are copied almost word for word. There are some new clauses, there are one or two changes in some clauses but in law we are as free to say good-bye to our seventy-



eight million as we were free to say good-bye to our thirty millions. That is the law but now when the government and this province have to deal with that problem, Mr. Speaker, as a matter of fact, as a matter of policy, as a matter of a decision that must be taken by a group of men seated around a table and who must answer for it here in this chamber, they will be in exactly the same position and words will not stop them.

The words of forty million in the Stephenville Bill did not stop them spending and agreeing to spend millions more, coming back in and asking for another forty million dollars and these words will not stop any government, be it this crowd or be it another administration. If it must be done, it must be done. They will bring their case to the House and because they have a majority it will go through. Of course it will. But the government are as bound now and will be as bound on the next one. Let us hear no more nonsense about it.

It is all very well to try to make political points, that is the game, it is the name of this business, that is why we have a House of Assembly, one of the reasons, there are others but that is one of the reasons. Both sides can make points, bring up their arguments, that is all part of it but let us not try to fool the people, let us not try to pretend that what is is not or that what is not in fact is. We are as bound now as we will be after this bill, we will be no freer. In fact, in law we are not bound now, they all agree on that. In law we are not bound now. In fact, they say, and my colleague and I and all of us on this side, Mr. Speaker, do not disagree with this, he put the legal position and he was right. The very wise, learned gentlemen on the other side agreed with that and concurred. They doubtless had that advice from their law officers.

Now we talk about facts, now we talk about the moral state or the matter of policy, what the government would do.

AN HON. MEMBER: What about the letters?

MR. ROBERTS: Letters? Publish them. Have George McLean put them in

a little booklet and send them out. We will make it \$80 million instead of \$78.5 million so we can afford to pay George.

MR. CROSBIE: (Inaudible)

MR. ROBERTS: All right, publish the letters. Table any letter the honourable gentleman wants, table them all. Indeed, I have asked if they will table the feasibilities, table everything. I am all for it. I am all for it. Let us have a royal commission and the Mounted Police and let us go to Liechtenstein and let us look at everything. I am all for it.

MR. CROSBIE: I do not believe that these letters were left there.

MR. ROBERTS: They certainly were left there, they certainly were.

MR. CROSBIE: It is a miracle.

MR. ROBERTS: No it is no miracle. My colleague and I know about them, we were directors of that company. We know about them, publish them.

MR. MOORES: Would the Leader of the Opposition permit a question?

MR. ROBERTS: A question only, not a motion.

MR. MOORES: No, a question.

MR. ROBERTS: A question only?

MR. MOORES: Yes. Mr. Speaker, as the Leader of the Opposition just said that he and his colleague were familiar with these letters, I wonder does he agree with them and did he agree with them or did he ever oppose them?

MR. ROBERTS: Mr. Speaker, the only way I can answer that is to say that I should like very much to see the Orders-in-Council. I probably have them in my files and I have not looked through them. I should very much like the Orders-in-Council authorizing the dispatch of these letters. I should very much like to see them. I am not saying there are or are not, I do not recall them. The Premier says there are not, I do not. The Premier could ask Jim Channing, he would either know or could get them out very quickly. He has a very effective filing system and - I was part of the administration, I am quite proud of the Come by Chance deal, the 1970 one. It was an

improvement over 1968. My colleague and I are entitled to a fair share of the credit for it and we take it.

MR. CROSBIE: The letter is contradicting the agreement.

MR. ROBERTS: No, no, Mr. Speaker, the honourable gentleman can say whatever he wants. His statements do not change the truth. As I have said already, let him table it. He keeps referring to letters, let him table them, I am all for it. There is nothing to hide, nothing at all. Table everything. Table John Shaheen, if the honourable gentleman wants it is fine by me. Bring him into the House and let us ask questions. We did it, let us do it again.

MR. CROSBIE: (Inaudible)

MR. ROBERTS: Oh! Ho! Ho! Ho! Mr. Speaker, how a man's principles appear to him to be different when he looks at them from the other side of a chamber.

MR. DOODY: Too fine a gentleman to subject to treatment like that.

MR. ROBERTS: That is right. That is why. You would have opposition members asking him embarrassing question, would you not? Like, how much money are you going to make out of this? Or saying; "Shaheenery."

MR. CROSBIE: Slieveenry.

MR. ROBERTS: Slieveenry.

MR. SPEAKER: Order please! It now being 11:00 p.m. I do leave the Chair until 3:00 p.m. Tomorrow, Tuesday, March 27, 1973.