



**PROVINCE OF NEWFOUNDLAND**

**THIRTY-SIXTH GENERAL ASSEMBLY  
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**VERBATIM REPORT**

THURSDAY, JUNE 6, 1974

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

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

I would like to welcome two distinct groups to the galleries today. First of all from Sacred Heart Elementary School in Placentia we have thirty-five grade eight students, with Mr. Ryan and Mrs. Green, and from Seneca College in Toronto we have fourteen visitors, with Mr. Evans and Mr. Grannon accompanying them.

On behalf of all honourable members I welcome you to the galleries today and trust that your visit here is most interesting and informative.

MINISTERIAL STATEMENTS:

MR. SPEAKER: The honourable Minister of Finance.

MR. J.C. CROSBIE: Mr. Speaker, for some time now government has been reviewing the difficult situation brought about by the uncontrollable increase in the cost of living in Canada and in particular in Newfoundland. Most of the collective agreements signed between the government and the unions representing its employees are not scheduled for renegotiation until April 1, 1975.

When these agreements were originally negotiated it was obviously impossible for either side to have properly foreseen the degree of escalation in living costs brought about by national and international conditions beyond our control.

There have been recent examples of employers in the private and public sectors taking special action by various means to reduce the effects on the unexpected rise in living costs. The Government of Newfoundland and Labrador have reviewed this situation and has concluded that the cost of living increases are of such a significant nature that it would be unfair and inappropriate for it to wait for the process of collective bargaining to deal with the decreasing purchasing power of our employees.

Therefore, special action is required in order to attempt to

maintain the existing standard of living of our provincial public servants. The government is fully aware of a substantive budgetary restraint which it presently faces. Nevertheless cabinet has agreed to authorize the expenditure of an additional \$7.5 million for a special payment to most of its approximately 27,000 public servants. In making this decision government was cognizant of the representations made to it by the various public service groups and by the Newfoundland Federal of Labour. This includes the NTA, Nape, the union that represents the St. John's Firemen and other groups.

Effective immediately a special payment of \$250.00 will be made to public servants and to teachers employed by the various school boards throughout the Province, regardless of their existing salary level and regardless of the department or public agencies in which they are employed. All government commissions, corporations, boards and agencies will be notified of this decision as will all board-operated hospitals whose budgets are provided through the Department of Health.

There are, of course, some exceptions to this special payment. Employees who most recently received salary adjustment and groups who are presently negotiating salary settlements will not receive this special payment since the cost of living escalation has been or will be taken into account in reaching salary settlements.

In other words, groups now negotiating collective agreements are not included in this since the negotiations are proceeding on the basis of the cost of living increase. That includes groups such as the police, the office workers who just negotiated an agreement at Newfoundland and Labrador Power Commission and warders at the penitentiary. Their negotiations are still continuing.

It is our hope that the reaction of the public service and of our public service employees will be a favourable one. In addition to this special payment of \$250.00 to every employee, a salary scale adjustment of \$200.00, effective September 1, 1974 has all ready been

agreed to for many groups across the public service.

I am pleased to announce the government has extended this adjustment to include teachers and firemen. In other words the members of the NTA and firemen, in addition to the \$250.00 increase, will also receive a salary scale adjustment of \$200.00 on September 1, 1974.

Complete details on the implementation of these increases have been worked out particularly as the increases relate to temporary and part-time employees. These details will have been made available to various employers and to employer representatives as soon as possible. It is expected that the special payment will be in the hands of employees around the end of June.

In other words, Mr. Speaker, in addition to the quite generous salary increases agreed upon in our collective bargaining negotiations of last year, most of which were for two year contracts due to the fact that the cost of living has increased as much as it has, which is beyond our control, we have reviewed the whole situation and all of our collective bargaining agreements that are now in effect. Rather than state, as we are perfectly justified in doing, that we will stick by those collective agreements, and taking into account the fact that the cost of living has increased as much as it has, we have agreed to make this adjustment in the case of the NTA and of the firemen who signed quite early on last year when collective bargaining commenced and who therefore did not receive in increases the same percentage as some of the other unions, they will have an adjustment to their scales on September 1, 1974.

Taking into account our budgetary position, Mr. Speaker, on current account, this will cost us all together \$7.5 million. This is as much as the government can do. This will be accepted, I think, by everyone, that it is as much as we can do since our current account surplus forecast is only in that amount - in any event for this present year.

I have copies of this statement, Mr. Speaker, for members of

the House and for the press.

MR. SPEAKER: The honourable Leader of the Opposition.

MR. E. ROBERTS: Mr. Speaker, the honourable minister's statement is a classic case of too little, too late. The Government of Canada increased their employees by a straight \$500.00 per annum. That would have worked out to a little more in Newfoundland than five per cent per year. The government's decision as announced by the minister is even less than that. It is not enough, Mr. Speaker, even to bring the employee groups up even with the cost of living.

The cost of living has been rising in St. John's, according to the consumer price index figures, between twelve and thirteen per cent this year. So all that the government are doing is bringing people up, the 27,000 employees, 8,200 of them teachers and vocational instructors, 7,400 in government departments, 8,400 hospital employees, 1,700 at the university, nearly 2,000 in the government agencies and the boards and the commissions and the corporations, all that they are doing is bringing them up to a point where they are falling still further behind with the rising cost of living. It is too little and it is too late.

The Minister of Finance says that the \$7.5 million is all that the government can afford because it is what he is budgeting for his surplus on current account. To that I say two things, Mr. Speaker: First of all we have all seen the Minister of Finance's budgeting practices. He deliberately or carelessly last year underestimated the current account surplus by an amount of \$15 million or \$16 million. The total surplus was of the order of \$22 million or \$23 million and not the \$5 million or \$6 million he had forecasted. This year he is estimating \$7 millions after \$14 millions in tax increases.

The other point which should be made, Sir, is that this increase will not stave off the demands upon the government next year. I say now that the employee groups are going to feel they have been badly treated and when they sit down with the government in their negotiations and every single labour agreement with every single employee leaving

aside the ones - the honourable Minister of Social Services had his bile removed. He should have had his gall taken out as well.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Every single contract, with the exception of those now being negotiated for the police and the warders, expires on the thirty-first of March next year. The NTA contract runs out. The general service agreement runs out. All the others run out. These people feel they have been treated badly. The Public Service Act last year lead to the start of that. This current treatment by the ministry will only help it. I regret the ministry's action, Mr. Speaker. I think they should have done more. I do think they should have done at least what the Government of Canada did and brought up these people a straight \$500.00 each and then when they went into negotiations next year they could deal with it and we would see what came out of the bargaining process. It is too little, Sir. It is too late.

The Minister of Finance and the government have reason to be ashamed and none to be proud of this move this day.

MR. CROSBIE: Mr. Speaker, this is all that we could expect -

MR. ROBERTS: On a point of order, Mr. Speaker.

MR. SPEAKER: The honourable Minister of Finance wishes to make another ministerial statement?

MR. CROSBIE: Yes, Mr. Speaker, I want to conclude my ministerial statement -

AN HONOURABLE MEMBER: Inaudible.

MR. SPEAKER: Order, please! Order, please!

MR. CROSBIE: By stating, Mr. Speaker, that this is all we could expect from the Leader of the Opposition.

MR. NEARY: Inaudible.

MR. SPEAKER: Order, please! The honourable member for Bell Island did not indicate that he was rising on a point of order, at least to my knowledge. If he did, okay! So is he pursuing his point of order?

MR. NEARY: Point of order, Sir, that it is against the rules of

the House for the Minister of Finance to rise to speak a second time on a ministerial statement after my colleague had spoken, unless we are going to have a full-fledged debate, Sir, and I would welcome it because I want to get into the debate too.

AN HONOURABLE MEMBER: Inaudible.

MR. SPEAKER: Order, please! Order, please! I asked the honourable Minister of Finance if he were rising on another ministerial statement and he indicated to me that he was. I am sure the honourable Minister of Finance is well aware that once he has finished a ministerial statement that he cannot continue with the same again.

MR. CROSBIE: Mr. Speaker, what I wanted to tell the House is a point of information.

MR. ROBERTS: To a point of order, Mr. Speaker.

MR. CROSBIE: To a point of information. The honourable Leader of the Opposition is ignorant of the fact -

MR. ROBERTS: To a point of order, Mr. Speaker. Will Your Honour enforce order in this House.

MR. SPEAKER: Order, please! Order, please! Will the two honourable gentlemen please be seated. Is the honourable Leader of the Opposition rising to a point of order.

MR. ROBERTS: Yes, thank you, Mr. Speaker. I realize Your Honour has a difficult job in keeping the unruly. You would think his holiday would have quieted him down a little, Sir, as it has the Premier.

Mr. Speaker, the point of order is this; that the honourable gentleman has no right to rise under the guise of a point of information or anything else. If he wish to make another statement, he of course has the right to do so and I have the right to reply. I look forward to his statement. I look forward even more eagerly to my reply.

MR. CROSBIE: Mr. Speaker, so that you will not have to waste your time dealing with these factitious points of order that the honourable Leader of the Opposition continues to make as I will simply refuse to

utter another word.

MR. ROBERTS: The minister has made himself very popular.

MR. SPEAKER: Order, please! Are there any other ministerial statements?

PRESENTING PETITIONS:

MR. SPEAKER: The honourable member from Twillingate.

MR. H.W.C. GILLETTE: Mr. Speaker, I have a petition here which has been signed by some 180-odd voters of the Cottle's Island, Luke's Arm area. They wholeheartedly supported the efforts by the Local Improvement District Committee to have the road between Summerford and Cottle's Island, Luke's Arm upgraded and paved this year. It is an approximate distance of three and a-half miles which is in a deplorable condition.

Mr. Speaker, I support the prayer of this petition. I know the road quite well. Like many other sections of the roads on New World Island, this section is in a deplorable condition. I ask that this petition be tabled and presented to the department to which it relates. I trust, Mr. Speaker, that the Minister of Finance and the Minister of Transportation and Communications between them will find the funds, the wherewithal to do this paving this year. Thank you!

MR. H. COLLINS: Mr. Speaker, I would like to rise on behalf of my colleagues on this side of the House to offer our support to the honourable member in trying to get the small portion of road in the Cottle's Island area done. I believe in the years I have been here, which is five or six now, there have been numerous petitions coming in, and read to the past administration and never any action taken. Certainly the time has come to have that road done and I hope that the minister responsible can find it possible to do so this year.

MR. SPEAKER: The honourable member from Placentia.

MR. F. ALYWARD: Mr. Speaker, I beg leave to present a petition on behalf of over 2,000 residents of the Placentia Area and the area served by the Placentia Cottage Hospital. Mr. Speaker, for some time the



residents of Placentia Area and indeed all the area served by that Cottage Hospital have been quite concerned about the need for improved facilities at Placentia. In fact since my election I have had several meetings with the doctors at the hospital and also with the Minister of Health, with the representatives of the council in the area and also with other concerned citizens.

Now, Mr. Speaker, the doctors presently serving in that hospital have brought the matter to the attention to the Minister of Health and the government. I do not think there is any doubt about the need in Placentia for a new hospital immediately. The doctors, in their consultations with me and in their meetings with the Minister of Health, have pointed out to him that first and foremost the outpatient department which is by today's standards totally inadequate has seen over two thousand outpatients per month in a clinic where the waiting room is too small and is directly outside of the doctors' offices, thus making the privacy of the doctor/patient relationship an unexistent entity. The doctors' offices are too small and two of the four offices have no separate examining room.

The doctors' say, "We have all experienced the embarrassment of having a patient walk in our office while a woman was being examined on the examining table."

The laboratory, secretary's office and treatment room are less than half the size that they need be. Taking the treatment room for example, there is barely enough room for two people to move about as a single treatment table takes up most of the space. There is no screen for privacy. There is no adjacent waiting area for patients who need dressing changes, injections, small laceration sutures, etc. Where they do wait is either in the small corridor which contains in addition to the door of the treatment room, the doors to the two doctors' offices, the two examining offices and other offices along the corridors.

The conditions under which these doctors are expected to practice and the public facilities where the public of the area must wait to see

the doctors, Mr. Speaker, are really by today's standards in a desperate condition. In addition, they say that a redesigning and enlargement of the main floor of the hospital is badly needed. The x-ray room is half the size of the rooms in most cottage hospitals and has no decent waiting area. The machine is placed in such a position that the technician cannot see the patient when he is doing a test x-ray and storage facilities are very bad.

Now, Mr. Speaker, the whole situation applies to the different areas of that hospital. The pediatric ward is opposite the only two private rooms which often contain terminal patients and the noises emitting from these rooms are very disturbing to adults and very disturbing to adult patients indeed. In addition there is no isolation room for contagious diseases cases which are many. The nursing stations on the floor of the hospital are nonexistent and there is just actually no sufficient space to provide a good, clean, functional establishment.

The phone used for conversation between the nurses, doctors and relatives of patients is within earshot of all visitors. Nurses injectional syringes are kept across the corridor, in the scrub room adjacent to the operating room, which functions as a storage room for preparing trays, as a sterilizing room and as a utility room for house keeping for the OR.

"This brings us," the doctors point out, "to the case room and operating room suite. This," the doctors point out, "is incredible." The case room is across the corridor from the operating room and the scrub room. It is used around-the-clock by the nursing staff as a room in which to give reports and the case room table is used as a large desk on which charts are prepared. This is out of necessity however, as where the doctors gown and scrub, this having been done across the corridor. Naturally they say in circumstances like this sterility has to be apart.

Also, Mr. Speaker, they point out that the grounds around the hospital are in a desperate condition. There is no nursing home in the area, so the large percentage of geriatric and custodial and convalescent care must be kept at the hospital.

Mr. Speaker, as I mentioned, the Placentia Area has approximately 10,000 people. While I realize the expenditures by the government in the field of health are considerable, it is a very small consolation to the residents of the Placentia Area to see establishments such as the great Health Science Complex presently under construction in St. John's costing I suppose in excess of \$30 million, \$40 million, or \$50 million, when the public in areas like this, in this rural district find it practically impossible to get even the minimum health care.

I do feel, Mr. Speaker, that this petition which, as I said before, is supported by some 2,000 voters in the area, should receive the unanimous support of all members of the House of Assembly. The situation was so bad that a committee was formed and it was called the Placentia Hospital Improvement Committee. This committee circulated the petition. They also contacted the various councils in the area and this petition has the endorsement of

the Town Council of Freshwater and also the Placentia Area Development Association. I may say in this respect, Mr. Speaker, that less than three weeks ago the Chairman of the Placentia Area Development Committee, Mr. Whelan, together with two other members of the councils of Freshwater and Dunville, met with myself and the Minister of Health and familiarized him once again with what certainly must be one of the worst conditions prevailing in any cottage hospital in the province.

Now, Mr. Speaker, this did not start this year nor last year, for, as the petition points out, they are complaining really about twenty years of neglect on the health scene. In addition the Town of Jersey side supports the petition and the Placentia-Jersey side branch of the Women's Institute. Also, Mr. Speaker, the Placentia Hospital Development Committee did present a brief to the Health Planning and Development Committee when it visited Placentia in January and I think that this committee has now reported to the Minister of Health and the people of the Placentia Area are anxiously awaiting the recommendation of that committee which they feel will mean certainly that a new hospital will be constructed in the area, because, Mr. Speaker, it is just impossible to expect hospitals like in Placentia to retain physicians this day and age particularly surgeons who want to practice, if they have to practice in conditions such as prevail in the Placentia Cottage Hospital.

Now, Mr. Speaker, I do not think spending money on the present hospital at Placentia, any substantial amounts, will really do anything but be a waste of money because anyone who is familiar with the structure and familiar with the number of patients which are served by the hospital and familiar with the needs of the area can only conclude that what is needed in Placentia is a completely new cottage hospital, and that the Placentia Hospital Improvement Committee have suggested in correspondence to the minister that the hospital be a forty bed hospital.

I can only say, Mr. Speaker, that I heartily endorse this petition. I hope that the minister, the cabinet and everyone who considers this will look at all the facts and look at the needs of the area and also look at a report which I know is in the hands of the Minister of Health, and that is a report of the fire commissioner dated October 1, 1973, wherein he states

that this structure is of total combustible construction and requires immediate detection of fire. The first necessity is that a complete automatic fire alarm and detective system shall be installed. The present fire alarm system is inadequate and only one fire gong sounds on the ground floor, with no notification of any part of the building. Then he goes into other inadequacies and deficiencies as far as the requirements of the fire code are concerned.

So, Mr. Speaker, I do not think I need delay the House any longer. I am glad to be presenting it at a time when we have a large representation in the House from Placentia who I understand are the grade eight students. I know if they could speak, each one of them would stand up and endorse this petition. I only hope that as they continue in their schooling that they will be successful, that they will take an interest in matters such as this in the area and help me to badger this government until we get a new hospital in the Placentia Area.

Before my friends on the opposite side get up anxiously supporting it, I would remind them that the petition properly points out that this is not a problem that occurred in the last year or two, it is a combination of neglect over a period of twenty years. I hope that this government will see fit to correct that and I ask the Minister of Health if he could within the very, very near future, let the public and people of Placentia know when they can expect a new hospital which is badly needed in the area. Thank you very much.

MR. SPEAKER: The honourable member for Bell Island.

MR. NEARY: Mr. Speaker, I rise to support the petition presented by the honourable and silent member from Placentia East on behalf of 2,000 residents in the various communities of Dunville, Freshwater, Placentia, Jersey side and Southeast Placentia and surrounding areas. Anybody who is familiar with this hospital, Mr. Speaker, will realize that it needs to be replaced. As a matter of fact, Sir, I have occasion to visit the Placentia Area once in a while and following my last visit to the Placentia Area I brought it to the attention of the Minister of Health that the residents in the Placentia Area were very concerned about the fact that stories were going around

that all the doctors in the Placentia Cottage Hospital were going to resign if something were not done about that hospital. My colleague, the Leader of the Opposition, put a question to the Minister of Health in the House a few weeks ago on this very same matter and the Minister of Health left the impression that he did not know too much about it. I am glad today, Sir, that the residents in the area have finally gotten in touch with their member and he was able to present this petition on their behalf in this honourable House.

I agree with the member, Sir. I think what needs to be done is that they have to start off from scratch and build a new hospital. I think the government would be only throwing good money after bad to try to do anything with that old, wooden structure that is there at the present time. It is a fire hazard. It is overcrowded. It has outlived its usefulness, Sir. It should be replaced. I hope that the government will get its priorities straight from now on and forget bringing over comedians from England and bringing over brass bands from England and booze parties and silver anniversary parties and spend their money usefully, like building a new hospital down in the Placentia Area that is so badly needed.

MR. SPEAKER: The honourable member for St. John's North.

MR. J. CARTER: I beg leave to present a petition on behalf of the residents of St. Phillips. The preamble goes as follows: "We the people of St. Phillips in the District of St. John's North would like to request government authorities who may be concerned with the improvement and upgrading of roads in our area to pave the road called West Point. This road is about four tenths of a mile long, off the Horse Cove Line, route number 50, and is being used by a large number of local residents and outside public.

"At present it is a gravel road which is in very poor condition and many of us who have our houses off this road find it extremely difficult to live. This road is constantly used by the local church members, fishermen, oil delivery service, residents living in the area and is very heavily used by the general public at large who drive down this road since

it is considered as a scenic route. Because of the very poor condition of this road, the local residents find their houses covered with dust particularly in the summer. It is a constant nuisance to us and a health hazard to the older residents.

"During the winter months we have constantly encountered difficulty with some of the services such as oil delivery, bus service, postal service, garbage collection, church and burial service. This is because of the present gravel nature of the road which makes it difficult for snow-clearing. Many of us who go to the church located off this road have found it difficult to get there in the winter. Also a particular portion of this road as shown on plan attached is so dangerous that a strong guardrailing is absolutely necessary for the protection of the motorists, particularly during the winter months.

"We hope that the government authorities will realize our problems of living here in St. Phillips and request the authorities concerned to urgently look into the possibility of paving this West Point Road sometime during the summer or at least before the beginning of winter 1974."

Now, Mr. Speaker, the petitioners have accompanied this petition with a rough plan of the area and it is a road that I am very familiar with. I must say that of the two aspects of it, the paving and the replacement of the guardrailing, the guardrailing is the more urgent because that presents a hazard to life and property. Happily I am able to inform this House that I have been in conversation with the Acting Minister of Highways who assures me that this matter is under active consideration and they will do all in their power this year to at least upgrade the road and do something about the guardrailing. How far they will get is a matter of speculation. I suppose, but certainly they are going to do all that they possibly can, having regard to all the demands made on the Department of Highways, capital works.

Therefore, I am very pleased to be able to present this petition on behalf of the residents and would like it to be referred to the Department to which it relates and placed on the table of this House. Thank you.

MR. E. ROBERTS, Leader of the Opposition: Mr. Speaker, if I may say a word

in support of this petition as a resident of St. John's North, not a supporter of the present member, indeed somewhat ashamed of him most of the time, but for once he and I are in agreement and I support this petition which he so ably presented. I know the road in question, indeed drove over it just last Sunday. It certainly needs a new guardrail and furthermore the crib work on the sea side on the seaward side of the road could also stand, and I pass this advice to the Acting Minister of Transportation, could stand a good look, because the crib work is washing away and there is a very grave danger that even if the guardrail were put there, as it should be, given a heavy storm and that water coming down off the hill where the Anglican Church is there in St. Phillips, the whole shebang could just go floating out to sea.

I do hope that when the government pave the West Point Road, as they obviously are going to this summer, they will also pave the Tolt Road. The Minister of Finance is too bashful to ask about this but as he lives there during the summer months I know he would want me to say that in his view the paving of that road is a priority. The people living along that road expect it to be paved this year. I do not know where they got the idea but they feel it is going to be paved this year and for their sake I hope it is paved this year. So I support the petition, Sir, and I do so with pleasure. I know that the Acting Minister of Transportation will take up this matter with the same energy as he has all the other questions referred to him. I can only say that while I wish the real minister no ill, indeed I am glad to hear he is back in the round and one thing and another and will be back from Barbadoes shortly, that the Acting Minister I am awfully glad he is there because in a few weeks he has managed to clean up apparently several months of neglect at the ministerial level in that department. Well I hope that his tenure will be sufficiently long that he can get this one cleaned up and we can see the guardrail put there. It should not be too big a job to be done by the department's own forces, to be done within the next few weeks.

MR. SPEAKER: The honourable Minister of Finance.

MR. J. C. CROSBIE, Minister of Finance: I would like to rise to support



this petition insofar as it relates to the Tolt Road, as the honourable the Leader of the Opposition has mentioned. For two years now, Mr. Speaker, I have been living in a cloud of dust going up to The Tolt Road and with commendable discretion and scrupulosity, as President of the Treasury Board, I have never said a word on behalf of the Tolt Road. I am glad now to have this public opportunity to support the paving of this Tolt Road and to urge the member of the district to get off his fanny and get some action on the Tolt Section. I have not yet heard him present a petition to this House in connection with the Tolt Road. I will promise him this, that we will have a petition from the Tolt Road for him to present at the next session. We are not going to put up with the member for St. John's North ignoring the Tolt Road any longer. We have at least fifty votes on the Tolt Road, at least fifty, Mr. Speaker. We know that the member for St. John's North was elected by a majority of some 8,000 or 6,000 or so on, but the next time he might like those fifty votes. Who knows what might happen the next time? If the Tolt is not paved before the next election he need not come back to the Tolt.

MR. SPEAKER: The honourable member for Green Bay.

MR. B. PECKFORD: Mr. Speaker, I ask leave to present a petition on behalf of 500 residents of the northside of Green Bay in the Communities of Middle Arm, Burlington and Smith's Harbour. The prayer of the petition is simply that the government see fit this year to do upgrading of the road that leads from the Baie Verte Peninsula Road to these three communities. The road to Burlington and Middle Arm and Smith's Harbour is approximately sixteen miles from the paved Baie Verte Highway. Over the last couple of years it has become a very important road primarily because there has been substantial forestry development in the Burlington Area because of the vast timber resources that are present there. At present the Department of Forestry and Agriculture are putting in an access road, to areas that were untouched before, for forestry development and hence we now have four or five fairly large woods contractors in the area that are cutting substantial wood for Bowaters, in Corner Brook, and also for Labrador Linerboard.

As a result these large contractors have been able to acquire these large truck trailers and transport their wood directly to the mills concerned and hence the road has taken an awful beating, over the last ten or twelve months especially.

The prayer of the petition simply asks that proper ditching be done on this sixteen miles of road and that an upgrading programme be instituted this year for proper surfacing of this now important link to the rest of the province.

Also accompanying this petition, Mr. Speaker, is endorsements from the Community Council of Burlington and the Community Council of Middle Arm. Considering that none of the communities have a population over 400 or 500 and that 500 voters have signed their names to this petition, along with the support of the councils in the area, it is obvious that by far the majority of the people are extremely concerned about the condition of this road and they thereby request that action be taken on some upgrading of it in this present year.

I heartily endorse the petition, Mr. Speaker, and ask that it be placed on the table of this House and referred to the department to which it relates.

MR. SPEAKER: The honourable member for Labrador North.

MR. M. WOODWARD: Mr. Speaker, we on this side of the House support the petition as presented by the member for Green Bay, a petition from some 500 residents from the northside of the bay, Little Arm, Burlington and Smith's Harbour. We too feel, Sir, that this road deserves upgrading as a number of roads in the province do and indeed a number of roads in Labrador from where there have been petitions presented before. But we support the plea of the petition and the prayer of the petition to have it upgraded. The honourable member mentioned the fact that there was some activity on the roads whereby the people were cutting wood for the linerboard mill at Stephenville.

We too, Sir, have roads that Linerboard is using and we presented petitions that have not yet been acknowledged, or no action has been taken on them. We on this side of the House present the petition to them and ask

that the honourable Minister of Finance and the Acting Minister of Highways will see fit to take a look at other roads in the province that are largely used for the production of wood and see that they are upgraded and paved as well.

REPORT OF STANDING AND SPECIAL COMMITTEES:

MR. SPEAKER: The honourable the Premier.

HON. F. D. MOORES, PREMIER: Mr. Speaker, the Royal Commission on Labrador that has been going on for quite some time, it is with great pleasure that I can table it this afternoon. I apologize to the House in advance that the summary which was done on the actual commission report, we had summaries for everybody in the House and members of the press. However the report itself, there are only I think it is nine copies. There will be other copies made available as soon as possible and I thought that four to the opposition and four to the press and one to be tabled in the House, that is the best we could do.

MR. NEARY: Are we allowed to leak it out?

MR. MOORES: He can leak anytime he likes, Sir. The Report of the Royal Commission on Labrador, Mr. Speaker, is a massive document, as you can see. Its 1412 pages contain the results of sixteen months of intensive effort by the Chairman, Mr. Snowden, and the commissioners, Cyril Goodyear, Frieda Hettasch and Renee Snell. The commission was assisted in research and clerical staff by up to twenty people at a time, and during the course of its investigation the commission visited particularly every, well just about every community on the Labrador Coast, and spoke to a large cross-section of the residents of that part of the province.

The commission, Sir, has laboured well, producing in all some 288 recommendations on practically all aspects of life in Labrador. During the course of the commission's investigation, the Chairman, Mr. Snowden, was supplied from time to time with relevant information for his studies from the Provincial Planning Task Force documents. This I trust was of some assistance to the commission and its work. From the government's point of view, there are a number of key recommendations contained in the commission report and these can be summarized, a few of

them, as follows:

- (1) The recommendation that the province establish a crown corporation to manage all the affairs now under the jurisdiction of the Labrador Services Division.
- (2) That government services generally be centralized in a suitable public building in Huppy Valley - Goose Bay.
- (3) That the province, through the Department of Rural Development and Planning and Priorities Secretariat of the Executive Council, begin immediately to develop, in conjunction with the Department of DRFE, a subsidiary agreement based on the concept of area development along the Labrador Coast.
- (4) That the province endeavour to renegotiate its agreement with the federal government concerning provision of services for Indians and Eskimos of Labrador. To increase the general level of expenditure from \$1 million to approximately \$4.5 million annually.

These and the other recommendations of the royal commission are presently being evaluated by the planning and priority secretariate in conjunction with the various responsible departments, with a view to working on an overall plan integrated with our plans for the island part of the province development.

In some cases the recommendations of the royal commission closely coincide with those of the various task force recommendations that had come in earlier. Steps are already under way, for example, on a logging feasibility study of the area to be flooded by the Lower Churchill Hydro Development. An early action is also anticipated on the preparation of a DREE subsidy agreement to provide funds for the development projects on the Labrador Coast.

Mr. Speaker, the problem of Labrador, of Coastal Labrador in particular, is one that has been there for many, many years. It is probably, I think without fear of contradiction, the area that has been the most neglected part of our province. It is an area where a very little, Sir, should go a long way there. It is not that many people actually live on the Coast of Labrador but the services and the treatment that they have had for twenty-five years since Confederation is something that I do not think government should be proud of. It is the intention of this government to study with care the recommendations that were made by this royal commission and certainly to do our utmost to improve the lot of the people of that part of our province.

Mr. Speaker, it gives me great pleasure to table this report, this commission report in the House at this time, also the summary which will be circulated to all members.

#### MOTIONS

MR. MOORES: Mr. Speaker, I will give notice that I will on tomorrow ask leave to introduce the following bill, A bill, "An Act To Ratify, Confirm and Adopt The Principal Agreement Between The Government And BRINCO Limited To Authorize The Lieutenant-Governor In Council To Enter

Into Subsidiary Agreements With The Same Company And To Make Certain Statutory Provisions Relating To Such Agreements."

MR. SPEAKER: The Hon. Minister of Education.

HON. G. R. OTTENHEIMER (MINISTER OF EDUCATION): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce the following bill, "An Act Further To Amend The Memorial University of Newfoundland Act."

MR. SPEAKER: The Hon. Minister of Finance.

HON. J. C. CROSBIE (MINISTER OF FINANCE): I give notice that I will on tomorrow ask leave of the House to introduce a bill, "An Act Further To Amend The Public Service (Pensions) Act."

Answers to Questions for which notice has been given.

The Hon. Minister of Justice.

HON. T. A. HICKMAN (MINISTER OF JUSTICE): Mr. Speaker, there are several questions on today's Order Paper that I hasten to answer. Question No. 83, asked by the honourable Member for White Bay South: The honourable gentleman does not identify the group specifically but I assume it is a group primarily of university students who are operating under an opportunities for youth grant. Such being the case, their report was submitted to the Newfoundland Corrections Study Committee and presumably considered by that latter committee.

The answer to Question No. 84, asked by the honourable Member for White Bay South: The question is: What steps have the government taken since January 8, 1972, to provide residential centres or halfway houses or to give assistance to social agencies such as the John Howard Society to enable them to provide residential centres or halfway houses in order that offenders may be assisted in readjusting to active social life?"

There is, Mr. Speaker, a grant again voted this year to the John Howard Society by the province of \$13,000. There is another to the Salvation Army Correctional Services of \$12,000, another to the Alcoholic and Drug Addiction Foundation of \$45,000 and the new grant this year to the Salvation Army Alcoholics Centre of \$80,000, all of which funds are, not all but some of which funds rather are used in trying to assist people to readjust to active social life.

Last December, that is December of 1973, the John Howard Society of Newfoundland submitted a proposal for a community residential centre to

the Consultation Centre of the Department of the Solicitor General of Canada. They received an indication from the Consultation Centre, orally, that their presentation is being looked upon with some sympathy. Other than that no further reply, I am advised, has been received from the office of the Solicitor General.

The answer to Question No. 85 on today's Order Paper, from the honourable Member of White Bay South:

For the month of December, 1973, what were the daily number of persons incarcerated (That is a shocking word.) at Her Majesty's Penitentiary at St. John's. The word that is being used now almost since the days of Elizabeth Fry, is "Inmates".

AN HON. MEMBER: Inmates or residents.

MR. HICKMAN: Or residents. The number is : Males, 101; Females, 2.4.

AN HON. MEMBER: Two point four?

MR. HICKMAN: The Minister of -

AN HON. MEMBER: Two point four?

MR. HICKMAN: The question of - I do not know how I got two point four. Oh, the average daily population, it was as the question. The answer to Question No. 86 on today's Order Paper: What was the average for the month of December 1974 - what was the average daily attendance of prisoners of Her Majesty's Penitentiary at St. John's at the school operated within the penitentiary? The answer is 14.4. That is the average. "The average" was the question.

The answer to Question No. 87, again asked on today's Order Paper by the honourable Member for White Bay South: Since March 31, 1973 and as of current date, what is the number of offenders who were admitted to each of the following government penal institutions? The Salmonier Prison Farm, 31. Wait now, I am sorry. There were 687 inmates admitted to H. M. Penitentiary between April 1, 1973 and March 31, 1974.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: No, no regretably I may not be here tomorrow and I was anxious to answer the questions as soon as they appeared on the Order Paper so that no honourable gentleman can say that I am delaying answers. They appeared today and they are now being answered.

AN HON. MEMBER: Hear! Hear!

MR. HICKMAN: Let me read to the House the answers. The following age groups:

Under sixteen years of age, nine; sixteen years but under seventeen, thirty-three; seventeen years and under eighteen years, sixty-six; eighteen years and under nineteen years, sixty-four; nineteen years and over, five hundred and fifteen.

There are no admissions directly from the courts to the Salmonier Correctional Institution. All admissions are to Her Majesty's Penitentiary. Inmates found suitable for minimum security are transferred to the Salmonier Correctional Institution. We have not used Harbour Grace Jail for over two years. I might add, Mr. Speaker, that during the past twelve months there has been a substantial reduction in the number of prisoners committed to the penitentiary in Newfoundland, sentenced to the penitentiary.

The answer to Question No. 88, on today's Order Paper. The number of persons employed in these institutions by the Department of Justice, 120; by the Department of Public Works and Services, one; College of Trades and Technology, three.

Question No. 89 What steps have the government taken, since January 18, 1972, to build a new penitentiary with appropriate psychiatric, educational, vocational and recreational facilities? This question too is asked by the honourable Member for White Bay South.

This administration shortly after it assumed office requested me to ask the Solicitor General to set up a joint corrections committee, a study committee of the federal and provincial governments. This was done under the chairmanship of Mr. Keith Kautz, the Executive Director of the John Howard Society of Ontario. That report was given to both governments last fall and a submission was made to the Government of Canada for the funding of a study of firstly the programmes needed and secondly the type of institutions required in Newfoundland.

Messrs K.L. McReynolds of Thorne Hill, Ontario, on the recommendation of the Solicitor General's Office, were appointed. They are architects experienced in the construction of correctional institutions and design thereof and of the programmes. I am pleased to announce that while similar



request from other provinces have been rejected by the Government of Canada, in this instance the Government of Canada agreed to pay the full cost of the McPeynolds study. That study will be in the hands of the Solicitor General and myself, I would say immediately following the federal election.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: I think that we in this province can take some pride in the fact that it has been indicated to us by the Solicitor General that the prompt and efficient implementation by the Government of Newfoundland of the Correction Study Committee Report puts us away ahead in the planning as compared to other Canadian Provinces.

Mr. Speaker, the answer to Question No. 96, by the honourable the Member for Bell Island: The answer is "Nil". The answer to Question No. 109, by the honourable Member for White Bay South, "Nil". The answer to Question No. 110 on today's Order Paper, by the honourable Member for White Bay South, "Nil". Mr. Speaker that answers all the questions on the Order Paper directed to me.

MR. SPEAKER: The Hon. Minister of Industrial Development.

HON. C. W. DOODY (MINISTER OF INDUSTRIAL DEVELOPMENT): Mr. Speaker, I have some questions also asked by the honourable Member for White Bay South. Question No. 82, which relates to the amount of assistance in my district offered by the Newfoundland and Labrador Development Corporation, which I will table. Question No. 90, which is the Letter of Intent between the Government of the Province of Newfoundland and National Sea Products and associated companies in relation to Burgeo, which I will table. Question No. 118, there is a whole series of sections dealing with the disposition of the assets of the Steel Mill, which strangely enough was also asked by the honourable Member for White Bay South. I guess the Member for Bell Island has digested all that information. Question No. 120, also the answer of which is being tabled here and Question 121. So I will mercifully spare the House.

AN HON. MEMBER: Inaudible.

MR. DOODY: No.

MR. SPEAKER: The Hon. Minister of Forestry and Agriculture.

HON. E. MAYNARD: (MINISTFR OF FORESTRY AND AGRICULTURE): I have the answer to Question No. 3, appearing on the Order Paper some time ago, Mr. Speaker, asked by the honourable Member for Bonavista North.

ORAL QUESTIONS

MR. SPEAKER: The honourable Member for Bell Island.

MR. S. A. NEARY: Mr. Speaker, it is 4:00 o'clock. We have half an hour so I guess our question period is good until 4:30, Sir. My first question is directly to the Minister of Manpower and Industrial Relations. Would the minister inform the House if he has received any correspondence or any request from the Master Barbers' Association of St. John's to change their opening hours in the barber shops in the City of St. John's?

MR. SPEAKER: The Hon. Minister of Manpower and Industrial Relations.

HON. J. G. ROUSSEAU: (MINISTER OF MANPOWER AND INDUSTRIAL RELATIONS): Yes we have. Does he want me to answer the question before he starts with supplementary questions or does he have supplementaries?

MR. NEARY: No, go ahead.

MR. ROUSSEAU: We had a request from them, government decided. We had a request to close Mondays instead of Saturdays. Government decided that it would give the association the option of either coming under the Hours of Work Act, in which they could close on whichever day they wished, or retaining their present status as closing on Saturdays; and that it was so communicated to them this past week.

MR. NEARY: Do I understand then, Mr. Speaker, that the minister is proposing to place the barbers under the Hours of Work Act and then they can make their own rules and regulations within the Hours of Work Act? Is that basically what it means?

MR. ROUSSEAU: Yes. They are going to stay as they are now.

MR. NEARY: Pardon?

MR. ROUSSEAU: They are going to stay as they are now.

MR. NEARY: They are going to stay as they are now.

I have a question for the Minister of Agriculture and Forestry, Sir. It is rumoured, Mr. Speaker, that the land freeze in the Deer Park has

been lifted. I wonder if the minister can confirm or deny whether this is correct?

MR. MAYNARD: There was never any land freeze in the Deer Park Area, Mr. Speaker. The Deer Park Area is being studied by the environmental people as to the impact on the ecology of the area by the many summer cabins. We are dealing with applications on an individual basis. Any application that is approved by the Environmental Division of Provincial Affairs and the Environment is approved by us. It is as simple as that.

MR. NEARY: A supplementary, Mr. Speaker. Could the minister inform the House then if 300 applications have been approved or will be approved in the foreseeable future to build summer cabins in the Deer Park Area?

MR. MAYNARD: I am not aware of anything of that nature, Mr. Speaker. I am sure it would have been brought to my attention before it would be made known to anyone else.

MR. NEARY: Mr. Speaker, I wonder if the minister would give us an update on the land freeze in the greater St. John's Area, in view of the fact that so many people proposed to build homes this summer and they cannot go ahead with their plans because of the land freeze. What is the minister doing about this now? Could the minister give us an updated report on the land freeze? Is it going to be lifted or what?

MR. MAYNARD: We have had a couple of persons, soil analysis people working on a survey of the St. John's Area, where the land development area control was brought in for the past month. They expect to have all of their work done, especially in the critical areas around the major communities, within the next couple of weeks. At that time or during that time we will be discussing the new areas that we want to retain for agriculture purposes, with the councils and interested groups. After these discussions are held, I hope to be able to present to government any amendments to the development areas that are necessary. It is my opinion that we should be able to release a fair number of areas that do not have agriculture potential from the development control. I would assume this should be done by possibly the last of this month.

MR. NEARY: Another supplementary question; Mr. Speaker, will the minister inform the House what the government intend to do about land that they

consider to be agricultural land? Will the government purchase the land that is not being developed now by the present owners? Or will the freeze continue? Just what will happen when the soil analysis tests are finished?

MR. MAYNARD: That is a question, Mr. Speaker, that relates to future policy of the government, I am not able to answer at this particular time.

MR. NEARY: Mr. Speaker, a supplementary question: Would the minister inform the House if all the applications outstanding from people who want to build homes at the present time have been approved or deferred or just ignored? What is happening? Because I have one here, Sir, from a gentleman down in Dogberry Hill Road, in St. Phillips, who called me up and said that he could not get his application approved. You know, is there a backlog of applications? What is the minister doing about all of these applications? These people want to build homes -

MR. SPEAKER: Order please!

MR. NEARY: -this summer.

MR. MAYNARD: There is no backlog of applications, Mr. Speaker, some applications are approved and some are refused but within two or three weeks after they reach my department, at the outside of two or three weeks they are decided upon and the applicants are advised whether or not we will approve or reject their applications. If the honourable member should have one that was rejected obviously the person must have been given notice on it.

MR. NEARY: A supplementary. Would the minister inform the House then what happens in the case of an application that is rejected? Do these persons have recourse to appeal? Is there an appeals procedure? What can they do? Or does the minister have the final word and just say no and that is it? Is there any recourse to appeal?

MR. MAYNARD: There is no appeal procedure at the present time other than appealing my decision to me, Mr. Speaker.

MR. NEARY: Mr. Speaker, I wonder if the Hon. Premier, who happens to be back in the province for five or ten minutes or so, would inform the House if his government or the Premier himself is negotiating with Chief Superintendent Fraser of the R.C.M.P., who is soon to retire, to become the

ombudsman in Newfoundland? Could the Premier confirm or deny whether this is correct or not?

HON. F. D. MOORES (PREMIER): Not to my knowledge, Mr. Speaker.

MR. NEARY: Not to his knowledge! Mr. Speaker, I wonder if the Minister of Education over there could tell us what steps his department are taking to extend the facilities of the Technology College and the Vocational Schools to take care of all of the applications for training and retraining this coming September?

MR. SPEAKER: The Hon. Minister of Education.

MR. OTTENHEIMER: Well, Mr. Speaker, I think in general there has been indicated and that is in the vocational training institutes there is to be a longer teaching day next year; with what one could call a shift system, although it is not that in the sense of

two shifts, and that this will enable these institutions to process approximately an extra 1,200 or 1,300 pupils.

MR. NEARY: Mr. Speaker, I wonder if the minister would inform the House if there is any truth to the stories which are making the rounds that negotiations are under way by either the College of Trades and Technology or the vocational branch of the minister's department to take over St. Bride's College, Littledale, for the purpose of extending vocational and technological training programmes?

MR. OTTENHEIMER: Mr. Speaker, there have been discussions with the people responsible for the administration of St. Bride's College about what would be possible uses for that facility, in view of the fact that that college is not getting a very great number of applicants for the purpose for which it was originally constructed. There has been no agreement as such. There have been general discussions.

MR. NEARY: A supplementary question then: I would assume, Mr. Speaker, that negotiations on it are being carried on on a continuing basis. Negotiations are not complete. They are still going on. By the university or by the College of Trades or by the vocational branch of the minister's department? Who is conducting the negotiations?

MR. OTTENHEIMER: There have been discussions between representatives of the Department of Education and St. Bride's College, exploring various possibilities for the use of facilities there, some of which would be various aspects of post-secondary training and vocations, secretarial kind not shop kind. These are still exploratory. No firm decision has been made by the administration of St. Bride's nor the department.

MR. NEARY: Mr. Speaker, I wonder if the Minister of Mines and Energy could tell us if he has yet made up his mind or if his government is still studying whether or not they should place the regulation of oil and gasoline prices under the Board of Commission of Public Utilities in this province the same as they have done over in Nova Scotia?

HON. L.D. BARRY (MINISTER OF MINES AND ENERGY): Mr. Speaker, as I have said several times before, we are continuing to have close consultation with the Nova Scotian authorities to determine the effectiveness

of their regulation. In this the points that we have made previously are borne out by the fact that we have learned the Nova Scotian government is contemplating some amendment to their existing legislation. I think, Mr. Speaker, that this emphasizes the need for us to go slowly here, to see and determine just how effective regulation can be. There is no magic in regulation. The object of the game is to determine whether we can bring down the price to the consumer, not to put an additional burden on the taxpayer by creating another government regulatory agency. The object is to determine how we can effectively reduce the price to the consumer.

We are actively engaged, Mr. Speaker, in assessing the opportunities that we have for bringing down the price to the consumer of petroleum products. I think, Mr. Speaker, that while the opposition has been stressing time after time that the Nova Scotian legislation is perfect, that we should just rush in blindly and follow behind the lead of the Nova Scotian government, I think events are proving that the way we are proceeding in this matter is the proper one, that we will assess just what is happening in Nova Scotia. It has only been in effect for a couple of months there. We are going to assess just how effective their legislation, their regulation is going to be, and then we will act, Mr. Speaker.

MR. NEARY: Mr. Speaker, I wonder if the minister could inform the House if his department has taken any steps to rectify a situation that has developed since the major oil companies announced the 3.7 per cent increase in the price of gasoline and fuel oil, to correct this situation that has developed as a result of the inventory already being in their storage tanks? My understanding and I think the understanding of the general public is that they were not permitted to increase the price of oil or the price of gas on inventory that had already been in the tanks, until they topped off their tanks.

I am thinking about Bell Island, Sir, in particular, because Imperial Oil and Irving have storage tanks there that have not been topped off since last September. Yet they increased the price 3.7 per cent. What is the minister doing about that kind of a situation?

MR. ROBERTS: He agreed to it.

MR. BARRY: The honourable gentleman misleads the House if he make this statement. The honourable Leader of the Opposition if he should say that I agreed to that statement, it is a falsehood. Mr. Speaker, is that parliamentary? It is misleading, deceptive and incorrect, Mr. Speaker.

AN HONOURABLE MEMBER: It is a lie.

MR. BARRY: The honourable Leader of the Opposition's Liberal colleagues in Ottawa agreed to it and consented to it, I have no doubt probably even encouraged it. This government nor myself did not agree to any such thing.

MR. ROBERTS: Inaudible.

MR. BARRY: Myself and the honourable Minister of Justice I do not think have ever had a meeting at the same time with Mr. Trevor House, have we? I guess this is the usual -

MR. ROBERTS: Inaudible.

MR. BARRY: The honourable Leader of the Opposition is out to lunch. I can answer the member from Bell Island's question, Mr. Speaker, without this. I do not mind interruption but this incorrect and misleading interruption, it is just nonsense.

The honourable member from Bell Island has got to realize a couple of things. One, the policy is as laid down, that there should be no increase on inventory, on stored petroleum products that are not subject to crude price increases. In other words, that if there should be oil in storage that was purchased cheaply by the companies, there should be no increase. There is at times a five month, six month, seven month, eight month lag from the time that the oil companies purchase the higher price crude and the time that they bring into effect a price increase. This has caused some confusion, Mr. Speaker, in the past and it may be what is causing confusion in the honourable member's case.

If they have not been topped off since September, it is unlikely that they were subject to any -

AN HONOURABLE MEMBER: Inaudible.

MR. BARRY: I would have to check into the specific case. As I recall,



Mr. Speaker, the first price increases by the Arabs and the Venezuelans occurred sometime in July or August of last year. That was the first increase. It would be nowhere near the total increase that has taken place since then. There were some price increases in July and August of last year. Give say a month for this oil to get from these countries through the Canadian refineries, so one is talking about a month afterwards that they would be.

MR. NEARY: Inaudible.

MR. BARRY: Well, there were some price increases prior to last fall.

MR. NEARY: Inaudible.

MR. BARRY: Well, this is contrary to our policy. As I pointed out in a press release recently, Mr. Speaker, following discussions with a number of the oil companies, Shell has agreed that it will not implement the .4 cents a gallon which the Liberal government in Ottawa authorized it to bring into effect if it wished to cover increased operating costs. Imperial Oil, with respect to the postal communities where they have not topped off the tanks, have agreed to roll back the price.

AN HONOURABLE MEMBER: Inaudible.

MR. BARRY: Oh, nonsense!

MR. SPEAKER: Order, please!

MR. BARRY: Mr. Speaker, finally the point that I would like to make here is that just like any other product, gasoline and other petroleum products are being sold for different prices by different companies. Now, maybe the monopoly that the honourable member for Labrador South has - he may have the same price in every community, I do not know. I would say that the consumers should shop around for gasoline prices to see the lowest price for gasoline or any petroleum product just the same as he should shop around for low prices on cereal or bread or milk or eggs or anything else.

Now, there is no question that prices have gone up generally right across the board. There is still some differential and the customer should go and look for that and give his patronage to the company that sells the cheapest price. That is all I can say on that point unless the honourable member has another question.

MR. NEARY: Mr. Speaker, I do not have another question but I am not satisfied, Sir, with the minister's answer.

AN HONOURABLE MEMBER: Inaudible.

MR. NEARY: No, this is Thursday.

MR. SPEAKER: Order, please!

MR. CROSBIE: On a point of order. Mr. Speaker, the honourable gentleman is not asking a question. He is trying to make a speech or a comment which is quite out of order.

MR. ROBERTS: To that point of order, Mr. Speaker. The honourable gentleman having participated in ramming rural changes through the House should at least know what they are about. The Standing Orders give my colleague or any honourable member, as Your Honour is aware, the right to stand and to say that he is not - the exact rule is that a member who is not satisfied with the response to an oral question has the right - Ah! The Minister of Finance remembers it. Maybe his Venetian holiday has gone to his head, Sir, and makes him a little weak in his knowledge of the rules.

I submit that my colleague is in order. If in fact he is not satisfied with - that now seems to be easy on him. He is the best spokesman Imperial Oil has ever had in this province, the best defender of the corporate interests, the best handmaiden. So, I submit, Mr. Speaker, before Your Honour rules me out of order, that the honourable gentleman from Bell Island is quite in order and has a right to say whether or not he is satisfied.

MR. SPEAKER: It is a little difficult for the Chair to rule whether or not the member for Bell Island is in order because he was not given the opportunity to say anything. So, I will have to hear him out.

MR. NEARY: Mr. Speaker, what I was about to say before I was so rudely interrupted by "Old Scrooge", the Minister of Finance, was that I am not satisfied with the answer given me by the Minister of Mines and Energy. I would like to debate the matter, Sir, during the late-show period this afternoon. I believe that it will start at 5:30 P.M. I am in Your Honour's hands because

I understand that notification has to be given in writing before 4:00 P.M.

AN HONOURABLE MEMBER: No.

MR. NEARY: Before 5:00 P.M.?

AN HONOURABLE MEMBER: 5:00 P.M.

MR. NEARY: Well, I will have it in Your Honour's hands in writing in a few minutes.

MR. SPEAKER: While it is true that it has to be in my hands by five o'clock on the same day that the question is asked, I also have to indicate by four o'clock on Thursday the items to be debated at 5:30 P.M. So it will have to wait until next Thursday's late show.

MR. NEARY: Mr. Speaker, may I point out to Your Honour that the oral question period did not start until four o'clock. There was no way that I could have asked the question and have it in Your Honour's hands before four o'clock.

MR. SPEAKER: The Chair has no control over the time when the question period commences. So I rule that the matter will have to be debated next Thursday.

MR. NEARY: Mr. Speaker, could we debate it by leave of the House, Sir? Unanimous consent of the House, Mr. Speaker?

MR. SPEAKER: Inaudible.

MR. NEARY: Yes, Sir.

MR. SPEAKER: Does the honourable member have leave to debate the question just mentioned at 5:30 P.M. today? Agreed?

It is not unanimous so permission will not be granted.

MR. NEARY: Well, Mr. Speaker, obviously they do not want to discuss anything concerning the real needs of the people of this province.

Sir, I have one more question for my old buddy there who got a new hair style today I see. He must be using my barber now. This has to do with a DREE grant for the Marystown Shipyards. Will the minister inform the House if all the requirements have been met by the provincial government to qualify for this \$309,000 DREE grant for the expansion of the Marystown Shipyards?

HON. W. DOODY (MINISTER OF INDUSTRIAL DEVELOPMENT): I do not quite follow the question, Mr. Speaker. The offer has been made by the DREE people and it has been accepted by the province. So, I assume that all the conditions must have been satisfactory to the department in Ottawa. The money has been offered to the Marystown Shipyards.

AN HONOURABLE MEMBER: They waited long enough for it.

MR. SIMMONS: Mr. Speaker, I would like to direct a question to the Minister of Social Services whom I am pleased to see back in the House again. Would the minister confirm or deny that a number of recipients of social assistance have received ten dollars less on their May check than they received in April?

AN HONOURABLE MEMBER: Ten Dollars? That is only mild compared to some of them.

HON. A.M. MURPHY (MINISTER OF SOCIAL ASSISTANCE): Well, I am really not aware of any. I have not had any complaints come to my desk. I will check it. Would the honourable member give me some cases or does he want me to check every case and find out if they got ten dollars less?

MR. SIMMONS: Oh, I would be happy to give the minister some cases.

MR. MURPHY: Just ask the question in the office. That is what I am there for. The honourable member need not stand up here in public and ask it.

MR. ROBERTS: What is the honourable minister here for?

MR. MURPHY: I do not know really.

AN HONOURABLE MEMBER: I agree with the honourable minister that he does not know.

MR. MURPHY: After listening to the goings on this afternoon, I am just wondering if I am wasting my time.

MR. SPEAKER: Order, please! Order, please!

If honourable member wish to use up the thirty minute time limit on the question period by interjections back and forth across the honourable House, perhaps that is what should be done.

MR. SIMMONS: Sir, in response to

the minister's inquiry, yes I do have a number of cases which I would be prepared to give to him privately but I was rather attempting to see if the number of cases that have come to my attention indicate a policy on the part of the department . My question still stands.

the minister's knowledge, has the department docketed as a matter of policy a number and perhaps all for that matter but a number of recipients of social assistance? I know of at least a-half a dozen or seven cases.

MR. SPEAKER: Order please! I would like to interrupt the honourable member for Hermitage, I am sure that the honourable member is aware that he should not be making a speech in attempting to ask a question.

MR. MURPHY: Your Honour, I can give him an answer which I think is correct. Is it the fuel allowance I wonder that normally ceases in May? I will check the thing out anyhow. That may be it.

MR. SIMMONS: Supplementary; what fuel allowance is the minister talking about?

MR. MURPHY: It is an extra \$10 put on for the winter season, if there be such a thing here.

MR. NEARY: No, that is all cut out now.

MR. SIMMONS: Mr. Speaker, a supplementary question:

MR. MURPHY: The member knows all about it.

MR. NEARY: I know more about it than the minister does.

MR. MURPHY: I would not doubt that. He is deeper in the Department of Welfare than I am.

MR. SPEAKER: The honourable member for Hermitage is attempting to ask a question and one honourable member to my left and one to my right, who do not have the floor, are preventing him for doing this.

MR. SIMMONS: Mr. Speaker, I did ask what fuel allowance, and in view of the minister's response I should like to ask a supplementary question, in view of his response, where does this leave the statement in his letter of November 30, 1973, which I shall quote as follows, in a letter signed by the minister?

"For the months of November and December this year, if you are receiving a fuel allowance you will be paid an additional \$10 a month."

I am reading from a letter which the minister sent presumably to all recipients of social assistance.

"This amount will remain as part of your regular monthly cheque, however, in future it will not be called a fuel allowance and will not be taken off your cheque in May as in previous years."

In view of this statement, Mr. Speaker, what is the department's policy? Have they changed their minds since they wrote that letter? Have they now taken off the fuel allowance which they said did not exist?

MR. SPEAKER: I have to interrupt the honourable member for Hermitage once again. He was making a speech.

MR. MURPHY: In response to that I said it may be the fuel allowance, I did not say that is what it was. That is the only thing struck me. I said I will check it out, Sir. I will check it out. We have 60,000 people receiving cheques. What the six lost their \$10 for, I do not know.

MR. SIMMONS: Mr. Speaker, a supplementary question, is the minister now indicating to us that there is no such thing as a fuel allowance and that indeed if people have been docked in May it is not for this particular reason?

AN HON. MEMBER: Answer it.

MR. MURPHY: I have answered three times. What does he expect me to say? I said I will get the answer from the office.

MR. SPEAKER: Order please! The honourable member for Hermitage.

MR. SIMMONS: Mr. Speaker, I have a question for the Minister of Industrial Development. The minister indicated in the House in response to a question I put four or five weeks ago that a proposal for industry submitted by Mr. Spencer Lake and his associates for the development of industry in the Baie d'Espoir Area, that that proposal had been referred to a committee for study and that he would expect to have a report from the committee within two weeks of the date on which he answered the question. Would he now indicate whether he has received the report of committee?

MR. SPEAKER: The honourable Minister of Industrial Development.

MR. DOODY: No, I do not have the report yet.

MR. SIMMONS: Supplementary: When does the minister expect to have the report of the committee, Mr. Speaker?

MR. DOODY: I cannot say, Your Honour. I hope to get it as quickly as I can. I had hoped to get it prior to now but it has not been received as yet. I will certainly check on it to see what has happened to it.

MR. SIMMONS: A question for the Acting Minister of Transportation. I enquired of the minister about two or three weeks ago concerning the matter of the proposed ferry for the Gaultois-Hermitage run and he indicated to me at that time that he would get the answer to the question. Does he have the answer at the moment?

MR. ROUSSEAU: I am sorry I do not. I will undertake to get it this afternoon. I have the one on the engineer. He is satisfied with that one? I looked at it, there was a first part. I forgot the second part, to be quite frank with him. I will take it out this afternoon.

MR. SIMMONS: The minister -

AN HON. MEMBER: Inaudible.

MR. SIMMONS: Yes I have a quick one and I am through then. The minister just alluded to the other matter, the matter of the road for Gaultois, and he mentioned that the engineer had been in there. That is true but would the minister undertake to find out what is next, what further plans the department has to expedite this matter of the road this season.

MR. ROUSSEAU: The engineer and the officials of the Department of Transportation and Communications are now assessing the impact with the Department of Municipal Affairs and Housing and as soon as we have a report then, which may be any day, we will then look at it and consider it.

MR. SPEAKER: The honourable Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, a question for the Minister of Health, I wonder if the minister would agree to lay upon the table of the House the reports, which has been done on a joint, federal-provincial, basis, for Grand Falls, Clarendville, Bonavista? (The Burin Peninsula one is not done as yet.) and also the reports in which the NMA participated,

The Health Task Force Studies. I may not have the correct name but I think the minister knows the reports to which I refer, Would he undertake to lay these upon the table of the House, Sir?

DR. ROWE: I will take notice of the question, Mr. Speaker?

MR. NEARY: Mr. Speaker, I wonder if I could get a quickie in to the Premier before we get up to 4:30 P.M.? With the hopes and expectations of all the unemployed in Newfoundland this year built up by the government, expecting to get jobs at the second oil refinery at Come By Chance, would the Premier inform the House what is happening on that second oil refinery? Is it off the rails? Are we going to get it at all? Just what is happening? I heard the Minister of Industrial Development make a statement today. Can the Premier confirm or deny what the minister said is correct? They are not going to start until the fall of the year and then it is very doubtful.

MR. SPEAKER: Order please!

MR. MOORES: Mr. Speaker, I did not hear what the minister said on it today but the business of when it will start and how quickly it will start as far as we are concerned we would like to get it going as quickly as possible. However, unlike the previous arrangement where the province underwrote the financing of all the refinery and had probably more input than is presently the case, in this case our comparative share compared to the previous commitment by the previous administration is not as great. It is between the owner and the contractor. We are putting every pressure we can on to try to get them to get planning and well their construction initiated as quickly as possible. As I understand it now, the Technip Engineering people are reporting to the Shaheen Natural Resource people, I think it is this month, hopefully, and as a matter of fact, Sir, we are planning to contact Mr. Shaheen within the next few days and get a very definitive position on exactly what and when it will be started.

MR. NEARY: In other words, the Minister of Industrial Development's statement was not correct today. He said the commencement was delayed until the fall of the year, and that is not a correct statement.



MR. MOORES: It may very well be a correct statement, Mr. Speaker. The minister could have been in touch with Mr. Shaheen. I have not had a chance to discuss it with the minister. I know his opinion is the same as mine, that we will do our utmost to get it going as quickly as possible.

MR. NEARY: Inaudible.

MR. SPEAKER: Order please! Before the question period comes to an end, I think the member for Labrador South was attempting to ask a question.

MR. MARTIN: Thank you, Mr. Speaker, It is a very short question I wish to direct to the honourable the Premier, now that the English language version of the Labrador Royal Commission Report has been presented, I wonder if he could indicate when we might expect the same report in the Cree and Innu language?

MR. MOORES: Mr. Speaker, the situation is that due to the size of the report it will take some time to get the number of copies out that are going to be desired of the report itself. As soon as that ends, the translated version will be commenced immediately.

MR. MARSHALL: Mr. Speaker, before we call Orders of the Day: From the viewpoint of getting things crystalized, I propose to call motion (1), which is a committee to consider the raising of monies for the purchase by the province from BRINCO of all interests of that company into the hydro-electric facilities and water rights in Labrador . It has been agreed with the honourable and affable member from White Bay South that we would debate this loan bill together with the agreement bill, the bill ratifying the agreement which the honourable the Premier gave notice of today, so perhaps we could call first reading, by leave, of Bill No. 105 which the honourable Premier gave notice of today, Then I can move the House into committee at which time we will, by leave again, debate both bills. Then when we come out of committee we will just be giving the first, second and third reading to the one and the second and third reading to the other, without debate.

On motion of the honourable Minister of Finance, a Bill,  
"An Act To Ratify, Confirm And Adopt A Principal Agreement Between  
The Government And Brinco Limited, To Authorize The Lieutenant-Governor  
In Council To Enter Into Subsidiary Agreements With The Same Company And  
To Make Certain Statutory Provisions Relating To Such Agreements,"  
read a first time, ordered read a second time presently,  
by leave.

On motion that the House go into Committee of the Whole,  
Mr. Speaker left the Chair.

On motion of the honourable the Minister of Finance, a Bill,  
"An Act To Provide For The Raising Of Moneys Required For The Purchase  
By The Province From Brinco Limited Of All Of The Interest And Title  
Of That Company In And To Hydro-Electric Facilities And Water Rights  
In Labrador."

MR. CROSBIE: Mr. Chairman, it is a great pleasure today to be able to  
rise to introduce the motion for this bill which is to raise a loan  
of \$160 million Canadian to enable the province and Newfoundland Industrial  
Development Corporation, a Crown Corporation, to purchase the shares owned  
by BRINCO Limited and CFLCo, (That is roughly fifty-four per cent of the shares  
of CFLCO.) to purchase the shares that BRINCO owns in Gull Island Power  
Corporation, which is a company they incorporated for the Gull Island  
project, which has no assets and which has never been used, and to purchase  
all the remaining hydro-electricity development rights that BRINCO owns  
in the Province of Newfoundland and Labrador and all plans, studies, reports  
and information that BRINCO has assembled in connection with these various  
hydro resources in Labrador.

Mr. Chairman, there are two bills, the one that we are dealing  
with now, number 82, provides for the raising of money by NIBC for this  
purpose. The loan of \$160 million Canadian or its equivalent in other  
currency is to be guaranteed by the Province of Newfoundland and Labrador.  
It will be a loan to Newfoundland Industrial Development Corporation, from  
the Bank of Nova Scotia, guaranteed with respect to payment of principal  
and interest by the province and therefore an indirect obligation of the  
province.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: An indirect obligation of the province. Mr. Chairman, I do not want to be interrupted, in particulars since we are dealing with something serious and of some moment. The jester, the fool opposite might well keep his comments until he has a chance to speak himself. Mr. Chairman, I am in no mood to suffer honourable gentlemen opposite.

MR. CHAIRMAN: Order please!

MR. CROSBIE: I have to sit down already.

MR. CHAIRMAN: My remarks are directed to honourable members to my right, particularly the honourable member for Bell Island who knows the rule.

The rule is that the member who has the floor has the right to be heard in silence. I suggest that at this reconvened session of the House that that rule be observed far more assiduously than it was previously.

MR. CROSBIE: Mr. Chairman, you know the honourable gentleman opposite is like a little mouse running around your house; you hear these little scratchings. He is mumbling away over there. He will have his chance to speak. His nonsense will pour out upon this House and upon the public later on today or tomorrow or during the summer. We hear the honourable gentleman on in the afternoons and the evening, the mornings, every time you turn on your radio, his little voice is ranting and raving upon the airways. At least he can give me the courtesy of a few moments to speak on a matter of some moment to the province.

MR. BARRY: More like a cockroach than a mouse.

MR. CROSBIE: More like a cockroach, the honourable Minister of Mines and Energy suggests. I would not agree with him there. I do not think the honourable gentleman is like a cockroach; he is more like a beetle. Now, Mr. Chairman, these pleasantries aside, it is a loan of \$160 million Canadian, an indirect obligation of the Government of Newfoundland, a loan to NIBC, which has assets and liabilities of its own, guaranteed by the province; an indirect obligation to purchase shares of CFLCo, a subsisting corporation with substantial assets and liabilities and which investment or which assets will return income to the province and

which will be self-sustaining, we believe, over a period of years and which is in no way similar to a direct loan or borrowing by the province for purchases of public expenditure on highways, schools or of the like, a different category altogether, and looked upon by the financial markets as that.

Now, Mr. Speaker, this loan is necessary and this legislation is necessary and these moves have been made necessary by the fact that in 1953 certain rights were granted to BRINCO Limited, in Labrador, to develop water power and hydro resources in that area by the then Government of Newfoundland, which rights were exercised with respect to the Upper Churchill River.

AN HON. MEMBER: We do not have a quorum in the House.

MR. CHAIRMAN: Ring the bells.

Order please! I ask all honourable members to remember that while debate is being adjourned for a short time while the quorum is being considered, this does not allow honourable members to wander around the Chamber and speak in a manner which is unparliamentary.

MR. NEARY: Inaudible.

MR. CHAIRMAN: I suggest to the honourable member who is speaking as he casually sits by the doorway; if the honourable member wish to appeal the Chair's ruling, that is his right.

MR. NEARY: It is too foolish to appeal.

MR. CHAIRMAN: The honourable

members' lack of concern for the Chair is noted. I am attempting to bring to the committee and to anyone else who might be interested the fact that while the committee is adjourning temporarily to ascertain whether or not there can be a quorum, that the ordinary rules of courtesy and parliamentary practice apply. Obviously the honourable member wishes to abuse me.

We have a quorum. The Hon. Minister of Finance.

MR. CROSBIE: Mr. Chairman, as I was saying, the bill is made necessary by the fact that certain hydro development rights were given the BRINCO Company in 1953, by legislation passed by this Committee and by the government of the day, which they exercised in 1966 or 1967 by the development of the Upper Churchill project, and which rights remain vested in BRINCO with respect to the rest of the hydro resources of Labrador until 1983. They have not any option to develop any of the other water resources of Labrador up to the period of 1983.

Now, Mr. Chairman, why was it necessary for the province to acquire the shares of CFLCO and the other rights being acquired including the remaining rights in Labrador? It was necessary for the province to do that, Mr. Chairman, because it is very obvious that any province or government today that does not control its own resources is a government that is sadly neglected its duty to the people and to the province. It is the conviction of this government that particularly with respect to electric energy, the generation of electric energy and the potential generation of electric energy must be within the control of the government of this province, to be exercised on behalf of the people of this province and in a manner that is calculated to best suit the public interest of the people of this province.

There is no province in Canada, Mr. Chairman, with the possible exception of Alberta, which does not control the generation and most of the distribution of power publicly. The one possible exception is Alberta. Where Calgary power still exists, it is a major distributor of electrical energy. But then Alberta electric energy is a minor source of energy compared to gas and oil. Certainly in the fields of natural gas and oil the Province of Alberta is taking steps to ensure that they control them.

Alberta is taking steps to ensure that they control what happens to those energy sources that come from their own province.

Every other province has taken over the public control of the generation of electrical energy and it was certainly needed and necessary for this province to do the same. If it were not clear before, Mr. Chairman, it was certainly made clear that this should be the case, by the energy crisis that is now evident to everyone and which has become evident in the last two years. The course of events that made this step appear to this government obviously necessary, was the possible development of power on the Lower Churchill River.

This government, Mr. Chairman, from January of 1972 to the end of June 1973, negotiated with BRINCO, who had acquired these rights for the development of the Lower Churchill River, the power resource of the Lower Churchill River, in a way that would give to this province some substantial benefit. We had to go by the results of our investigation on what had occurred on the Upper Churchill, of what was the result of the agreement entered into on the Upper Churchill. It was our conclusion that Newfoundland stood to gain very little from the development of the hydro resources of the Upper Churchill River that that resource was developed substantially for the benefit of the Province of Quebec, which is to acquire the power at a very low cost and to acquire it for a sixty-five year period. All that Newfoundland had gained from the development of the Upper Churchill was some thousands of jobs during the construction period, that all we would get in the long run would be at the most several hundred jobs permanently in the Churchill Falls Area and that the revenue that this province was to get from the Upper Churchill was minute compared to the economic benefit to the Province of Quebec.

The figures show that our total revenue from the Upper Churchill project, taken on the average over the sixty-five years, is \$12 million a year. That is the horsepower royalty of fifty cents per horsepower. The rental, of eight per cent of the gross income of the CFLCO company, and our share of the provincial corporation tax and so on will amount at

best to some \$12 million a year over the sixty-five years of that power contract, For the first few years it will not be that much and for a few years it will be in the neighbourhood of \$15 million but the average is \$12 million a year. That this tremendous resource has been developed primarily -

MR. ALYWARD: Mr. Chairman, I wonder if the Minister of Finance would mind repeating those figures, how they are made up, the three headings, how that \$12 million is divided up.

MR. CROSBIE: Inaudible.

MR. ALYWARD : No I did not miss the point. He said fifty cents for horsepower and he is going on to the other taxes that were -

MR. CROSBIE: Well there are three main sources of revenue from the Upper Churchill Development that come to the province; (1) the horsepower rental of fifty cents per horsepower, for the horsepower developed up there. That should come to \$2.6 million a year by 1977. Then there is a rental of eight per cent of the pre-tax income of the company and that was estimated to come to \$3.6 million in the highest year. Then there is a normal corporation income tax which includes a provincial share of the corporation tax, with one-half of the federal corporation tax remitted to the province but half of that then remitted to the company. There will be no payment of the corporation income tax until 1978 because of the capital cost allowance. The figure show that the income in royalties and rentals and income taxes would average about \$12 million a year for Newfoundland and the Upper Churchill.

It would start out at about \$5.4 million a year. It would rise to about \$15.5 million by the year 2000, and that over the whole sixty-five year period we would receive \$532.1 million, which averages about \$12 million a year.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: I am quoting my own article which was published in the "Evening Telegram" and which is therefore accurate. I will guarantee its accuracy.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Mr. Chairman, I am not going to deal with irrelevancies. I have nothing to do with that deal whatsoever as did anyone in the Cabinet of the Government of Newfoundland at anytime with the exception of Mr. Smallwood.

AN HON. MEMBER: Did they vote against it in the House?

MR. CROSBIE: I am not interested who is responsible for it. I am giving the background of it. Who is responsible for it? Mr. Smallwood was responsible for it.

AN HON. MEMBER: He voted for it, buddy, but he did not resign, did he?

MR. CROSBIE: I was not in the cabinet when the deal was entered into, Mr. Chairman.

AN HON. MEMBER: He was in the Cabinet. He was in the House.

MR. CROSBIE: Now, Mr. Chairman, I would like to continue uninterrupted. I do not care who entered into the deal, I am now explaining that the deal on the Upper Churchill was one of absolutely abysmal benefit to this province that all we were going to get out of it is \$12 million a year on the average in revenue; that all we got out of it was some thousands of jobs during the construction period, that there was little permanent employment; that the Province of Quebec is going to gain an economy benefit of well in excess of several billions of dollars over the life of this contract, probably averaging at least \$100 million a year in the difference between what they will pay for that power over sixty-five years and what they can sell that power for in their own province.

So it was a deal to the tremendous advantage of the Province of Quebec. It was of some advantage to BRINCO but to no advantage or very little advantage to this province.

Now the hydro contract entered into on the Upper Churchill, Mr. Chairman, provides for a sixty-five year sale of the power to Quebec Hydro. For the first thirty years the sale price is about three mils per kilowatt hour. We are not sure of the exact price yet because until the construction is completed one hundred per cent and the capital cost known one hundred per cent, you cannot know the exact price but it is about three mils per kilowatt hour at the border and then after, I think it is forty years at about three mils, the price will actually drop in



forty years time to two and a-half mils per kilowatt hour for the next - let us see; it drops to two and a-half mils for the next ten years and then for the final ten years it drops to about two mils. That is thirty and is forty No, for the final twenty-five years it drops to about two mils. So the price of the power for the first forty years is about three mils, ten years after - I am sorry, for the first thirty years it is three mils, for ten years after that it is two and a-half mils and for the last twenty-five years it is two mils per kilowatt hour.

So it is over ninety per cent of the power to be sold outside of the province at these tremendously favourably prices, to Quebec Hydro, with no escalation clause in the contract whatsoever. The benefits of that to the Province of Quebec are obvious because today the cost of competing power is at least eight to ten mils per kilowatt hour. In five years time the cost of competing power is likely to be fourteen or fifteen or twenty mils. In twenty years time the cost of competing power may be twenty or thirty mils per kilowatt hour, but all during that period Quebec will be buying power from the Upper Churchill at three mils, two and a-half mils and two mils; to its tremendous economy advantage because it keeps the difference between the cost it pays for the power, the cost of transmitting it to the industrial sites in Quebec and the cost at which it sells it.

Now that is the experience that we have seen in connection with the Upper Churchill. Whether that agreement was due or not due to stupidity, whether a better deal could be entered into at the time, whether in 1960 or 1962 or 1965 or 1966 or 1967 there should have been other things done, I personally think that even at that time had everyone concerned known the facts there would not have been such a deal entered into; but everybody concerned in those days did not know the facts. The whole situation got obscured in the desire to start the Upper Churchill, get construction of the Upper Churchill going, with the people mainly concerned forgetting what were the effects of the deal they were entering into. But in any event, the energy crisis was not evident then and the value of energy not as apparent then as it is today.

But certainly, Mr. Chairman, we know today what the value of hydro electrical energy is and what the value of oil and gas and the rest of it is and how important it is to our civilization. So for any government today to enter into a contract that would even come anywhere near the contract entered into on the Upper Churchill, that government of course would be a government that should be drummed out of office, kicked, dragooned. They should be put up against a wall and gunned down if they gave away the resources of the province in such a shocking contract, with what we know today.

This government, Mr. Chairman, from the start, was not going to enter into any contract that was anywhere close to being as favourable to Hydro Quebec or anyone else outside of this province as the Upper Churchill contract. So we had the experience of the Upper Churchill to go by.

As we see it, I think this is agreed by the government, there are two broad chances for Newfoundland to achieve any substantial economic growth or any substantial economic wealth. They are both connected with energy. One is for us to develop the power of the Lower Churchill and to use it in Newfoundland and in Labrador for the benefit of our province, to develop energy in our own province, to develop business in our own province, to enable reasonable cost of electricity to be used by people in their homes in this province, both in Newfoundland and Labrador. That is one of the great chances that we have if we can get the Gull Island power here, one million and eight hundred thousand horsepower or fourteen hundred and fifty megawatts. That is one opportunity which we have and if we do not get it, if we do not get it, this province faces stalemate, this province will not be able to grow, will not be able to grow industrially. The costly power from other sources, from steam or from coal, from oil, from nuclear, is not an alternative for us or it will be a very expensive alternative. So Gull power is one chance this province has to make a breakthrough and not by giving it away to any aluminum companies, not by giving it away to any large users, not by giving it away to an ERCO. We are not interested in future ERCOs. ERCO has cost the people of this province enough. We have learned by that mistake too, the mistake of the

previous administration. This even the previous administration would now, they have admitted. I heard Mr. Smallwood himself admit it had been a major mistake. We are not interested in getting this power to give it to an ERCO, so that the people of this province have to pay millions every year to subsidize the difference in cost. We want this power to be sold at a cost at least that recovers all the costs and it be not subsidized.

We are not even interested in getting this power just to give it to an aluminum company. We are interested in getting this power so that this province will survive.

AN HON. MEMBER: Light up our Christmas tree.

MR. CROSBIE: Economically. The honourable gentleman probably does not have a Christmas tree, the poor unfortunate!

That is one great chance this province has. The other great chance we have, Mr. Chairman, is the discovery of offshore oil and gas that comes within our jurisdiction and our control; another energy source. We have two great chances for the utilization of energy and the control of it. (1) the hydro at Gull Island and the rest of the Labrador sources and (2) offshore oil and gas. Offshore oil and gas is a different subject today that I do not need to go into in any depth.

But these are two things that will put this province on a footing if we can get them and if they are within our control. If they are feasible that will allow this province to be self-sustaining in the future, in the next eight or ten years. Without these two we are not going to be self-sustaining we are going to continue to be a colonial dependency of Ottawa's, receiving tax equalization and a few dollars in DREE and a few LIP grants and a few more handouts from Ottawa.

So as we see it, I am pretty sure that this is the philosophy of the Premier and all the rest of us, if they disagree I am sure they will say so now. As we see it, these are the two great chances this province has got. Now where did BRINCO come within that? Well I hope to go briefly into what our negotiations led us to conclude about what BRINCO would do had we not taken the action we have taken. I am quite firmly

convinced that it would never have been possible. We do not know whether it is possible for sure now to get Gull Island power here.

We are waiting on the federal government to find that out but we would have no chance to get Gull Island power developed and brought to Newfoundland were BRINCO left in the picture. I am absolutely convinced of that.

BRINCO is a private company. It operates for the benefit of its shareholders. The obvious course of action that BRINCO wanted taken was for Gull Island power to be developed and sold to Quebec Hydro in accordance with the pattern on the Upper Churchill which has been done before and which would be much easier to finance and a much easier job for them to handle and a much more feasible thing for them to carry out as a private company and to raise the necessary money. That is what BRINCO wanted to do with the Lower Churchill power. We have had the right to recall some of that power the same as on the Upper Churchill. The right to recall power on the Upper Churchill was not very satisfactory, as I will mention in a moment, but we could have the right to recall certain blocks of power. This is what BRINCO wanted to do. That is what BRINCO would do today if they had the choice, if they were still left there to do it.

BRINCO naturally does not want to be taking chances to help develop the Province of Newfoundland. BRINCO has its shareholders and so on to consider.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: With BRINCO in the picture there would be no chance whatsoever of Gull Island power being developed and brought to the Province of Newfoundland.

But originally, Mr. Chairman, well just to give several other reasons why it was necessary for Newfoundland to acquire control over our own hydro energy resources:

BRINCO, Mr. Chairman, in the hydro, owning Churchill Falls, was in our way. They were between us and the Quebec Government. This private

company, BRINCO, was between us and the Quebec Government whenever we discussed hydro resources or Labrador resources. They were between us and the Government of Canada when we wanted to discuss anything with the Government of Canada. It is no place for a private company today to be a major generator of electric power, it is too important to the people of the country concerned for it to be anything other than publicly owned.

So, Mr. Chairman, what I want to do is just as briefly as I can outline

some of the course of our negotiations with BRINCO and bring us up to date, where we are today. The Minister of Mines and Energy is going to speak in detail of what the present situation is with respect to Gull Island. The Premier will be speaking.

I just want now briefly to bring us up to date on what happened since we came into power in January, 1972, in connection with this question. As soon as we got into power, Mr. Chairman, I was the minister responsible then for the Power Commission. I asked Mr. Hobbs to report, Sir. (George Hobbs was then the chairman.) on what the situation was on the Lower Churchill and what the situation was with respect to the recall of power on the Upper Churchill, because the Iron Ore Company of Canada needed some power to be recalled on the Upper Churchill.

Mr. Hobbs reported on February 24, 1972, what some of the issues were on the Upper Churchill recalled power. One of the things we discovered was that although the leader of the previous administration had said that we would get recalled power at a price of two-and-a-half mils per kilowatt-hour, that was not the case. Under the trust he had entered into, by the Churchill Falls Company, with the bond holders, we had to pay for the power recalled so that they would get a return equivalent to the return that they would get if they sold the power to Quebec Hydro.

The result of that, Mr. Chairman, was that it would cost more for us to sell power, say to the Iron Ore Company of Labrador City and our own Newfoundland and Labrador Corporation than it would cost the Iron Ore Company, if they were over at Seven Islands, buying power from Quebec Hydro. The power that we could recall on the Upper Churchill, under this arrangement and under the price that BRINCO said they had to get to observe the trust deed, would result in a higher selling price to a consumer in Newfoundland and Labrador than it would to a consumer in Quebec. That was the clause entered into on the Upper Churchill.

The people of Newfoundland and the government of Newfoundland were not protected in any way whatsoever in connection with the Upper

Churchill. There was no agreement in writing covering the clauses for recalled power and the rest of it, nothing. It was a shambles. It took quite a while to find out what the true situation was. Mr. Chairman, we did not even have a copy here of the Quebec Hydro Power Contract when we got into office. We had to get after BRINCO to supply us with a copy of the contract entered into by Quebec Hydro with BRINCO.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: No. The R.C.M.P! We needed a magician to find it. I suppose there never had been one here. I do not know if there had or there had not. But there was not in the permanent files of the government of Newfoundland, the Quebec Hydro Contract, not even in the building. The Power Commission had no copies of it.

AN HONOURABLE MEMBER: Did the Minister of Labrador Affairs have one then?

MR. CROSBIE: It was fantastic. I do not know whether the then Minister of Labrador Affairs had one.

In any event, on February 25, 1972, Mr. Mulholland of BRINCO came down with other people to see us about recalled power and suggesting a price of 3.9 mils, I think it was, for recalled power, for the power that we recalled to sell in Labrador; 3.9 mils per kilowatt-hour.

AN HONOURABLE MEMBER: 300 megawatts of power.

MR. CROSBIE: Yes. Part of the recalled power.

The Gull Island project was also discussed. They had with them a lease which they wished us to execute on the Lower Churchill, which was a lease similar in terms to their lease on the Upper Churchill. In other words, if we entered into this lease with them on the Lower Churchill, they would pay no sales tax under construction, they would pay no gasoline tax under construction. We would promise them there would be no tax increases for the life of the project. When we got a rebate from Ottawa of 95 per cent of the federal corporation tax, we would rebate forty-seven and a-half per cent to them. We would have no authority to agree or disagree to any power contract they entered into.

We would not have the right to veto the power contract. We would have no say over what price they sold the power to Quebec Hydro for and so on. A document exactly as their lease was on the Upper Churchill, which they wanted the government to sign.

Now, luckily, Mr. Chairman, they had not gotten that Lower Churchill lease signed by the previous administration. Thank Heavens! Good! I am glad somebody over there refused. Well, somebody must have refused. Anyway, it was not signed. It was not signed but they came in on February 25 and tried to have us sign it. Well, we certainly did not sign that document, Mr. Chairman. It is a very good thing we did not.

Subsequently, looking into the matter, there were a whole host of questions arose on equalization and they were discussed in this House and described in June of 1972. Some of those equalization questions were afterwards resolved. For example, over ninety-five per cent of the federal corporation tax that would be rebated by the federal government to Newfoundland, we would lose a dollar equalization for every dollar of that tax. Then the previous administration had agreed to pay half that tax over to CFLCo. So, the result would be we would lose a hundred per cent of the equalization. When we pay fifty per cent to BRINCO, we are going to lose the fifty per cent we paid BRINCO of that tax.

So, for every dollar we receive from the federal government in rebate of that tax, we are going to lose \$1.50. There are crazy kinds of anomalies like that which were afterwards resolved insofar as they related to equalization. There are changes that Ottawa agreed to make in the equalization formula that applied to that.

Well, that was discussed in the House, in June of 1972. We looked into our legal position on the Lower Churchill and the legal position was that they had an option on all the hydro sources there until 1983. That we could do nothing about except by agreement. Now later in that year, in June of 1972, there was the ribbon cutting at Churchill Falls. On August 11, 1972, the Premier appointed me as chairman of a committee to deal with this matter with the Minister of



Industrial Development and later the Minister of Minister of Mines and Energy, when he was appointed, and the Minister of Manpower and Industrial Relations, when he joined the cabinet and he joined the committee from a Labrador District.

We asked Mr. George Hobbs, Mr. Cyril Abery of the Power Commission, fiscal policy, and Mr. Peter Poder also in that division; Mr. Wally Reid and Mr. Wilf Garland of the Power Commission to study this whole question for us and to suggest to us what our position should be on the recapture of power on the Upper Churchill and what our position should be on the development of the Lower Churchill so we could be properly prepared and briefed for the negotiations with the BRINCO Company.

These are very able. I should say here right now that the five people I have just mentioned are very, very able public servants. We are very lucky having them. Mr. George Hobbs is now retired. Mr. Wally Reid is chairman now of the Power Commission. Wilf Garland is the treasurer. Cyril Abery and Peter Poder are both economists working on the fiscal policy. Mr. Abery is now chairman of the Intergovernmental Affairs Secretariate and looks after fiscal policy also.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Yes, and these are all people who have been, I believe, in the previous administration. These are five of the better public servants we have got in this province. We asked them to prepare a position for us and on September 19 they reported to us what they advised our position should be, and examined the economics of it all. On September 28 there was a meeting held with BRINCO. It was really an exploratory meeting, on September 28, 1972, in which they gave us a lot of information on what the construction costs would be, how they would finance it, and we gave them some preliminary views of ours and exchanged information.

Their calculations were based on the supposition that they would have the same terms on the Lower Churchill as they had on the Upper Churchill. So, it was largely an explanation, giving us information

on what it would cost, how they hoped to finance it and what, perhaps, price could be expected to be paid by Quebec Hydro.

So, at this stage, Mr. Chairman, it was still a question of how large. One of the big questions was how large a pie would there be to share if this power were sold to Quebec Hydro. When we were trying to decide what we should get from BINCO for this power, it is a question of how much really would Quebec Hydro pay for it because that would determine how large the pie would be to divide up between ourselves as the owner of the resource and BRINCO.

After that meeting there was certain other information that we needed from them on cash-flow projections and the like, which they sent down to us in November. We needed further information; we asked for it in December. On January 11, 1973, the committee had a meeting with Mr. Harry MacDonnell and other financiers and other people of BRINCO in which we discussed under what terms we thought the Lower Churchill should be proceeded with. At this stage, Mr. Chairman, we were still considering just the going ahead with the Lower Churchill but assuming that the power would have to be sold to Quebec. Our determination then was that if it were going to be sold to Quebec, it would have to be at a darn good price that would give the people of Newfoundland a decent return for the resource.

It was as a result of that meeting that I wrote Harry McDonald, the president of CFLCo, on January 12, 1973, and outlined our position, that if the Lower Churchill went ahead what conditions we thought should apply. Among those were these, the general principles.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: I can let the honourable gentleman have a copy if he should want one or I can even table it I suppose if he should want it tabled.

"That licensing would be limited to the Gull Island site. The term of the lease would not exceed fifty years. That on thirty-six months notice, blocks of energy would have to be recaptured up to 300 megawatts. That there would be constructed as a part of capital cost a transmission line from Gull Island to Happy Valley, Goose Bay area." The honourable member for Labrador North - I have heard him up

shouting that we do not hear about Labrador, do not hear about getting power for Labrador.

BRINCO had no intention, Mr. Chairman, of delivering power to the Goose Bay area from Gull Island which is only some ninety miles away or less. But we said to them, "It is a condition of your doing Gull Island, that you must build a transmission line from Gull Island to Happy Valley, Goose Bay area so that hydro power would be available there." They did not agree to it.

AN HONOURABLE MEMBER: But they agreed to it, did they not?

MR. CROSBIE: No, they did not agree to do it, Old Boy. Wait, I will come to that. This was one of the conditions that they did not meet, that they did not agree to do.

"That there would be no exemption from provincial sales tax nor from the gasoline tax in the construction." We, of the province, would have received \$50 million at least on the Upper Churchill in S.S.A. tax and gasoline tax had it not been exempt from those taxes. The result of the exemption was only to give Quebec Hydro cheaper power than they would otherwise have had. The result of every concession we gave BRINCO on the Upper Churchill was to make the power cheaper for Quebec Hydro. I think the estimate was something like \$32 million we would receive in sales tax and gasoline tax on the Lower Churchill. We said that in no way would they be exempt.

"There would be no rebate of income tax made to the developer by the province. We would not rebate to them half or any part of the federal income corporation tax on public utilities return to us.

"That we should have at no financial cost one third of the equity in the project; that we would take one third of the equity rather than have an eight per cent of the gross or a fifty cents or horsepower charge." Then, we have a third of the equity without putting any cash in because that will be better for us than having these fixed amounts.

What is the point, Mr. Chairman, in having a horsepower rental of fifty cents a horsepower when we know that as a result of inflation, fifty cents today is probably worth five cents in ten years time? Fifty

cents a horsepower agreed to in 1953 by Mr. Smallwood, fifty cents in 1967 today is probably worth twenty-five cents. In ten years time it will be worth five. Eight per cent of the gross is of a different category because the gross might increase. The main way to get some substantial revenue that would not be done away with by inflation would be by having a substantial part of the equity. We told them one-third of the equity and that we would not have to make any contribution to receive that.

We said, "We would have to approve their power contracts entered into with Quebec Hydro with reference to the sale of the hydro power. We would have to have a representative in on the negotiations. That there would have to be successful conclusion of the negotiations on the recalled price of the 300 megawatts from the Upper Churchill. That the Power Commission would be the agent for the distribution and sale of power in Labrador," and various other conditions that are contained in that letter.

"That the province should be represented on the Board of Directors. That there should be a transmission line between the Upper Churchill and the Lower Churchill. That the port of Goose Bay should be used as the port for the project. The preference with respect to employment, awarding the contracts, purchasing materials, be given the Newfoundland residents." These were our conditions.

I have an extra copy, Mr. Chairman, so that one there can be tabled, if the honourable gentleman were interested. So, at that meeting then in January of 1973 we discussed all these matters with Mr. MacDonnell and their other representatives. On January 12, I wrote them so that they would have a record of the meeting. We met again on February 1, in St. John's, and discussed the whole situation. Again they did not feel the project could be done under those terms and suggested that we both see Quebec Hydro.

They wrote later and said what terms they thought could not - they said it was essential that they should have the tax rebates, and various certain other terms that they felt the project could not be done if we stuck to these terms and conditions. Well,

there is a lot of material here and actually I am poorly prepared,  
Mr. Chairman.

AN HONOURABLE MEMBER: The honourable minister should not be gallivanting  
all the time. He should stay home and do his homework.

MR. CROSBIE: I have never gallivanted anywhere in my life, Mr. Chairman.  
I have always gone by air or car.

So, anyway it did not appear that they felt that they could  
do the project under these conditions. We had another meeting on  
February 27, in Montreal. Our experts did not agree with their experts  
on what the project was going to cost them and what the cost of  
borrowed money would be and various other accounting aspects of the  
project.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Yes, and it is a good thing that our people know something  
about it too. We were not prepared to be taken to the cleaners again  
like the previous administration. They were taken right to the cleaners.  
They should have called it "Drycleaners Limited".

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: I am talking about the people that I have mentioned  
and our fiscal agents who are also asked to look at the situation.

AN HONOURABLE MEMBER: Doctor Peters?

MR. CROSBIE: Dr. Peters had not a scrape to do with it. Dr. Peters  
was not involved in it. He never sat in on it. He has nothing to do  
with it now and he will not have anything to do with it.

MR. NEARY: Wait until he sees them under the table wheeling and  
dealing.

MR. CROSBIE: You know, Mr. Chairman, the honourable gentleman is  
used to the last administration where apparently there was wheeling  
and dealing under that table. There is no wheeling and dealing -

MR. NEARY: Not with BRINCO there was not.

MR. CROSBIE: No, there was no dealing with BRINCO. BRINCO was  
just given everything on a platter. There is no wheeling and dealing  
under the table in this administration. There are not even any tables.

So, Mr. Chairman, on March 31, 1973, in the Budget Speech, the

most important of these points were outlined. On April 4 our financial advisers confirmed that in their opinion our analysis was right and their disagreement with CFLCo on the cost of doing it remained the same. On April 9 I had a letter from Harry MacDonnell setting out the under these terms they did not think they could do the Lower Churchill project. On April 12, at a shareholders meeting of BRINCO, Mr. Mulholland repeated the same kind of thing publicly. He said that under these conditions it effected the economics of the project and they did not see how it could go ahead if these conditions that we had laid down were insisted upon.

So that appeared to be the deadlock. So we decided then, Mr. Chairman, that we could not very well pursue the matter any further with BRINCO. We had gone as far as we could. We were at a deadlock. They said that they could not agree to these conditions. We did not want the project done unless they did meet at least these minimum conditions. It would not be worth it for the people of Newfoundland to have this development take place unless the people of Newfoundland could get at least the minimum terms and conditions that we had set out.

So, the question as to whether or not the project could afford these terms and conditions could only be answered by knowing what would Quebec Hydro, the purchaser, pay for the power. We did not know what they would pay for it. At one stage BRINCO thought they would pay "X" horsepower. As we got negotiating, they felt that Quebec Hydro would only agree to a lot less. So, it was decided that we would jointly see Quebec Hydro and see if we could ascertain what their position was.

The end of May, 1974, the Minister of Industrial Development and myself, with representatives of BRINCO - I am sorry, 1973 - met with representatives of Quebec Hydro to discuss the possibility of Quebec Hydro buying power from the Lower Churchill and what

price they might pay and so on. Well, Quebec Hydro took a pretty unyielding stand. They presumed I assume that they were in the driver's seat. Newfoundland had no alternative but to sell the power. If we were to develop Gull Island we had no alternative but to sell it to Quebec Hydro because Quebec Hydro is the only province whose territory is contiguous to ours. We cannot sell it to anyone else unless we go through Quebec, so they were in a pretty unassailable position. I am sure they felt that.

So we had the discussion with them on various subjects including: Were they interested in power from the Lower Churchill? Well, they might be interested, but it was not a matter of any urgency for Quebec. Quebec had James Bay, Quebec had this, Quebec had that and the other. Quebec had lots of power. They might be able to use it if it were developed and sold to them. Well, what price would they pay for it? Well, they might pay what they paid on the Upper Churchill. They might allow a little bit for inflation; pay what they were paying on the Upper and would allow for a little bit of inflation and construction costs since. This was their attitude.

Well, obviously they were going to drive a hard bargain because they consider that the Government of Newfoundland had no choice but to agree to a hard bargain. Well, we felt that if that were the only choice we had it were better not to develop it at all at this particular stage. Or did we have no other alternative?

So I think the Minister of Industrial Development and I got the definite impression that we were not going to get anywhere with Quebec Hydro or at least the price of sale of power to them would give this Province nothing and our resource would be used up and committed, as the Upper Churchill had been, with very little return to the people of the Province.

The result of that, Mr. Chairman, was that we had to review the whole situation, the Minister of Mines and Energy, the Minister of Industrial Development, the Premier, Mr. Rousseau and then with the rest of the members of the cabinet as to what could be done. It was

decided that what could be done was perhaps the time had come to look again to see could this power be utilized in the Province of Newfoundland itself. In June, I think it was June 11, anyway it was early in June of 1973 that the Premier got in contact with the Zinder Company and discussed the matters with them and the discussion started with Teshmont. Teshmont is Shawinigan Engineering, Montreal Engineering and a Manitoba company that supervised the construction of a transmission line from the Kettle Rapids and the Nelson River down to Winnipeg. I think Zinder was first asked to have a preliminary look to see would it be worthwhile doing a feasibility study or was it so foolish that it would be silly to go ahead with a full study.

So they did a preliminary study during June and reported back that their preliminary look at the matter seemed to indicate that it would be well worthwhile doing a proper study. I think that was their conclusion. So it was decided to go ahead with that. The decision was then made to see, to have a proper study done to see could Gull Island power be brought to Newfoundland, to the Island of Newfoundland, at an economical, feasible price as I believe the Premier announced. Now before announcing anything we look into the question of what kind of agreement did the Province of Manitoba have on the Kettle River, Nelson River - the Kettle Rapids development. The Province of Manitoba had a tremendous agreement with the Federal Government. The Federal Government would finance the transmission line. I think it was over five hundred miles in length. The Federal Government agreed to finance it, to build the transmission line which costs - I am not sure now of the exact cost but I would say between \$260 million and \$300 million. They would lease the use of the line to the Province of Manitoba for a fifty year period.

The Province of Manitoba would pay user charges to the Federal Government and after paying these user charges for fifty years, the Province of Manitoba would become the owner of the line. The Province of Manitoba for the first five years would pay very low user charges



because for the first five years the line would not be used to full capacity. It would be very much to their advantage to pay a lower user charge the first five years.

Now, Mr. Chairman, this seems a device and a precedent ideally suited to this Province and a precedent that would amply fit our situation in having to transmit power from Gull Island to the Island of Newfoundland, if the whole project were feasible. So we looked into the Manitoba situation and got all of the information we could on the Manitoba agreement. Then I believe it was around July 31 that the cabinet authorized the full Zinder-Teshmont study. The Premier on or about that date announced that there would be nothing further done on the Lower Churchill until this study was completed and we knew whether or not there was any chance this power could be developed and used in Newfoundland.

Mr. Chairman, from that date on the Minister of Mines and Energy, Mr. Barry, was responsible for the supervision of the study and is doing now a tremendous job in this whole area on behalf of the Premier and the government. He has worked hard and his people have worked hard and they have done a tremendous job.

At the same time, we have just received, Mr. Chairman, the report of the Task Force on energy. One of the matters Mr. George Hobbs had recommended earlier and that several others recommended was that we look at the question of nationalization of the Churchill Falls. The Task Force on Energy suggested that they did not have the expertise to do it; that we have a study done on the cost and benefits of nationalization of the Churchill Falls Company and other companies here in the Province.

So on July 31 I think it was, we also authorized quietly and privately our fiscal agents, Burns Brothers and Denton Limited, to commence a study of the feasibility and the cost and the possible benefits of nationalizing the Churchill Falls Company and power generally in Newfoundland.

So, Mr. Chairman, it took the rest of 1973 for those studies to

be done. We received the results of the Burns study in December 1973. I believe it was January 31, 1974 we received the first volume that summarizes the results of the Teshmont-Zinder study. It was at the end of January, 1974. The results of the Teshmont-Zinder study are familiar to most members of the House. Copies have been tabled here. That study shows that it is feasible to develop the Lower Churchill River and to bring power from the Lower Churchill to Newfoundland, by way of transmission line under the Straits and over to the Province of Newfoundland. It does show that it is feasible. It shows what is required for us to do that.

The main and central thing that is required for us to pull this off is the participation of the Government of Canada in the financing of the transmission line from Gull Island to the Province of Newfoundland. That is a matter that is now being studied to the Island of Newfoundland. So that study shows that it is possible.

Now, Mr. Chairman, we have two choices if that power is to be developed. One is to sell to Quebec Hydro, if they should be interested in buying it. They have indicated they will want a very fine price, that they are not going to give us any better deal than we got on the Upper Churchill. That is not an alternative, that is to commit suicide, that is to spoil a resource of the province for next to nothing. That is one alternative. That can still be done. The other alternative is to develop and use it in our own province where it should be developed and used. If we cannot develop and use it this year, then we try next year and if not next year, we try the year after.

There is no reason that we are going to have to wait until next year and the year after. If the Federal Government come to the conclusion and we feel they will, then that project will be well ahead and this province will have power from Labrador by 1980.

MR. NEARY: Where is the honourable member going to get the billion dollars?

MR. CROSBIE: Pardon?

MR. NEARY: Where is the honourable gentleman going to borrow the billion dollars?

MR. CROSBIE: In the financial markets of the world we will borrow the billion dollars. We do not have to borrow, Mr. Chairman, a billion dollars. If the Federal Government finance a transmission line, the agency that does the development of the generating power of Gull Island will have to borrow some \$500 million and another \$100 odd million will have to be borrowed for facilities on the Island.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Oh! The knockers, Mr. Chairman, the knockers, those of faint heart, those meek people! If the honourable gentleman do not want to take the risk, fine, let him say so. I remember when his leader, his former leader, was over here and he talked about gambling and how you should gamble for the future of the province and the members of the opposition were knocking it and so on. Now, there is a little, timid mouse over there.

Nobody says it is copper-fastened but it is not a billion dollars the province has to borrow, Mr. Chairman. It is a lot less than that. It is \$500 million or \$600 million.

AN HONOURABLE MEMBER: Inaudible.

MR. CROSBIE: Look, Mr. Chairman, whether BRINCO develop the power to sell to Newfoundland or we develop the power to sell to Newfoundland, the credit involved would be on the Province of Newfoundland in any event. If power be developed at Gull Island to come to Newfoundland the credit that sells the bonds is the credit of people who buy the power. That credit is the credit of the people of Newfoundland. Whether BRINCO did the job or we do the job, it is the province's credit in any event. Whose credit sold the bonds in the Upper Churchill? Not BRINCO's credit, the credit of the Province of Quebec, Quebec Hydro's credit because Quebec Hydro agreed to buy the power for sixty-five years and to pay enough to pay off the bonds and the bonds were sold on the credit of Quebec Hydro.

Now power comes to Newfoundland to be bought by the people of Newfoundland or the Power Commission, it is our credit that will sell the bonds no matter if BRINCO own the generating company or Newfoundland own the generating company or Timbuktu own the generating company. So honourable gentlemen should not try to scare the people of Newfoundland or confuse the issue. Yes, it will be our credit ultimately that sells those bonds and finances the project, because the power will be sold to Newfoundland.

MR. NEARY: Who would want to be foolish enough to give the honourable member a billion dollars without a customer?

MR. CROSBIE: What does he mean, without a customer? Mr. Chairman, will that magpie shut up?

MR. CHAIRMAN (Stagg): Order, please! All honourable members have the right to be heard in this debate. They have the duty to make themselves heard at the appropriate time. Of course, only one honourable member has the right to be heard at any one time. I suggest all honourable members might remember this rule, it is so often brought to their attention.

MR. CROSBIE: In any event, Mr. Chairman, the Minister of Mines and Energy will deal with these quibbling and niggling little questions that are being raised by the honourable Member for Bell Island.

MR. L. BARRY: I will explain all of that.

MR. CROSBIE: Mr. Chairman, this is a complex subject and of course a simplistic mind, like the members' for Bell Island is, finds it hard to get around it. What are the alternative as to our bringing power from Gull Island?

Anyway, it will be explained by the Minister of Mines and Energy who has the capacity and the intellectual capability and the strength and the vigour of ten. He will explain it all.

So, Mr. Chairman, now we had these studies. The Teshmont/Zinder study shows that this Province can get power from Gull Island, it is possible and it is feasible. We know that Quebec Hydro have not been prepared to pay sufficient to make it worth our while and we are still faced with

the situation of BRINCO.

Now, we knew quite well, Mr. Chairman, that for us to do Gull Island with the participation of BRINCO would make the task that much harder. BRINCO naturally wanted to sell, want to sell the power to Quebec, the easiest route, what they had done before. In any event, apart from that altogether, the hydro resources of this Province should be owned by the public. So a decision had to be made as to what we would do. That decision was made tentatively by the committee on February 19, 1974, the Premier and the rest of us, and we, with the people who had done the study, Mr. Wally Reid, Mr. Roland Martin and Mr. John Fitzgerald set about doing the things that were necessary to bring about the end result that is now before the House.

Mr. Chairman, why do we have to make an offer to purchase the shares of BRINCO? There were questions and confusion raised about that. Well it is very simple. The CFLCo, the Churchill Falls Company itself is incorporated under federal charter. It is a federally incorporated company. We have no power in this province, if the need should arise, to expropriate the shares of a federally owned company. BRINCO, British Newfoundland Corporation, is a company incorporated under the Companies Act of Newfoundland. Therefore, if we had to, we could expropriate or nationalize the shares of BRINCO. While it was our primary interest to acquire, our real interest was to acquire the Churchill Falls Company and the hydro rights of BRINCO in Labrador, we could only put ourselves in the position to enforce that if we went after the shares of BRINCO in the first place.

So it was therefore decided that we would make an offer to the shareholders of BRINCO to acquire the shares of BRINCO at \$6.75 a share which was a price well above the purchase and market price at that time and based on the precedence of the B.C. power case and so on. Now I will not go into all of the details because it is really irrelevant.

Now, as to what was done and looked at in the preparations that were made so that this would not leak out and it would be a complete surprise on the day when it did come, that is the fact that on March 11,

when this offer was made in London and Montreal, it was a complete surprise and had been kept secret and had not leaked out and was ultimately successful because the result of the negotiations with the owners, the majority owners and management of BRINCO, was the agreement that is before the House today. The government agree to pay \$160 million to acquire the shares of the company, CFLCo, Gull Island and the hydro rights, studies done and so on, \$160 million.

Now, Mr. Chairman, I suppose it could be argued that it was not a voluntary sale on the part of BRINCO. Perhaps it was not voluntary on the part of BRINCO but they certainly got a fair price for these shares and assets. There come occasions in the affairs of men when the public interest outweighs private rights and interest and in this case a settlement was arrived at that amply compensates the private interest involved and that protects property of the people of the Province. That was a settlement ultimately arrived at.

If BRINCO had not agreed to this settlement, if they had not agreed to a reasonable compromise, then the government would have passed legislation to expropriate the shares for a price of \$7.07. As part of this arrangement, to protect the minority shareholders of BRINCO, we insisted that the majority shareholders of BRINCO or BRINCO itself give the other shareholders an option to sell their shares in the company now, once this agreement goes through, for a price of \$7.07 a share. That principle is embodied in the agreement that is now before the House.

So, Mr. Chairman, as I say there is before the House a master agreement covering a master agreement between the government and BRINCO, and that deals with flooding rights and the amendment to the original 1953 BRINCO legislation and so on. That is bill No. 105. There has been tabled in the House although it does not have to be ratified by legislation, a copy of the share purchase agreement between BRINCO and IDC, which carries out the letter of intent, the letter of principle signed by

the Premier and Sir Val Duncan on March 28. It contains many clauses and provisions and so on that were insisted upon by our lawyers and after weeks of discussion and negotiation with officials and lawyers on the other side. So all members and the press have a copy of the share purchase agreement also. The other agreements are attached to bill No. 105.

Well, Mr. Chairman, if I were in better shape I would talk on this whole subject for about twelve hours but I am not in too good shape, to tell you the truth. This is the first time I am going to be collared. I have to go off to get a collar put on. There is something wrong with my discs, the burdens of office are degenerating my discs. I am suffering from a degenerated disc. I have to go off and get a collar. So I am not in my best form, if I might say so myself, Mr. Chairman, because this is an event that I would say is among the most important ever to come before this House of Assembly. The amount of money involved, \$160 million for one transaction, is the largest amount of money involved in any one transaction I would think that has come before this House before. \$100 million was the whole debt of Newfoundland in 1949 when we entered Confederation. This is an amount of \$160 million authorized to be paid if the House pass this bill today. It is a bill that gets back, so the government and the people of Newfoundland control these tremendous hydro resources in Labrador, the Lower Churchill, Muskrat Falls, the Eagle River and all of the other rivers and sites in Labrador which may some day be developed and form part of a regional grid between this province and Quebec.

It gets for us all the studies that have been done to date on those sites

and it is going to make it possible, if human sweat and determination can do it, to bring Gull Island power to Newfoundland.

Certainly since I have been in this House I have heard a lot about bold gambles and so on. The oil refinery was a bold gamble. It was for Newfoundland a bold gamble, yes, but this is a far bolder gamble. This is a gamble, Mr. Chairman. This is not something that is just black and white. This is not a decision that we took, the government took. It is not one that is black and white it is a gamble. It is a reasoned gamble. It is a gamble that if we are going to make anything of this promise that we have to take. If we are going to make anything of Newfoundland and Labrador we feel that we have to take it. We cannot be sure that this is going to be successful. We do not know that for sure. We cannot be sure that we are going to get Gull Island power to Newfoundland yet. If we do not have the assistance and co-operation of the federal government and their financial participation we may not be able to. They promised that -

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: Well if it is not and we cannot deliver it to Newfoundland then we will wait and sell it to someone else. Quebec Hydro or somebody will have to have that power some day and be prepared to pay a decent price for it. We do not know if this is going to be a success but it creates the conditions for Newfoundland to assure its own future. Without it we are just a dependency, going along as we are now, depending on handouts.

I can see members of the committee, Mr. Chairman, perhaps arguing that the price is too high or that we are paying too much. One will even hear a few NDP'ers - I have heard their foolish statements outside the House saying that we should have taken it for nothing. "Just pass a bill and take it for nothing. What are we paying them for? What did they do." If we did that, of course, we would never get another entrepreneur to invest a cent in the province. I have heard that suggested.

We have paid what is a fair price. I can see that it might be argued as too high. I can certainly feel that it could be argued that it is too high. Perhaps it is \$10 million too much or \$20 million too much.



There could be an argument for that. Perhaps we have paid too much for it. Perhaps we did not squeeze them down hard enough. That it should not be done; I cannot see, Mr. Chairman, any member of the committee saying or stating that this should not be done, that we should not have bought out Churchill Falls. I do not think I will hear any member of this committee say that we should not attempt to get Gull Island power to the Province of Newfoundland because the member of the committee who says that is saying in effect that the people of Newfoundland are not going to have much of an economic future. The people of Newfoundland in five years time or ten ten years time are going to be paying a fortune for their power in their homes. No industry will come to Newfoundland because the power costs will be too high, going up in a curve that ascends like that if we do not get Gull Island power.

I do not expect, Mr. Chairman, to hear any member of the House say that the government should not try to get Gull Island power to Newfoundland. I expect to hear the Member for Labrador North say that there should be power used in Labrador also, and the government agree with him. Absolutely! There shall be a transmission go from Gull Island to the Goose Bay Area and power available to that area in Labrador. Labrador is part of the province. It is power for the province not just for the island.

What effect will this have? Some timorous members of the opposition, some members of the opposition who were not so timorous two or three years ago, who did not worry about those things then, get up now and say: "What effect is it going to have on the credit of the Province of Newfoundland?" Some may say and I think the opposition may well say this, this may be their tack but the opposition will not come out and say; "NO, we do not support this bill." They will get up and whine and weep and wail and say; "Will this affect water and sewer projects? Will this prevent the province from borrowing to do water and sewerage or borrowing to do roads or borrowing to do hospitals or borrowing to do this that or the other?" The opposition may say that. The opposition may think that to be a clever tactic. Yes, if I were cowardly and timorous and not interested in anything

but to scruffy my way into power I might adopt that tactic.

I do not think this opposition will. I think this opposition will get up and say; "We stand for it. We are with the government. We are for Newfoundland. Newfoundland first! Power for the people! Develop the Churchill and bring the power to Newfoundland. Yes, take it over from BRINCO. It should never have gone to BRINCO in the first place."

MR. NEARY: (Inaudible)

MR. CROSBIE: It should have been nationalized, Mr. Chairman, in 1966 or 1965 when Rene Levesque suggested it. That is when it should have been nationalized. It should not have been left to us to do this year. It should have been done seven or eight years ago and the whole Upper Churchill project would have gone ahead anyway. A privately owned company is not needed to do that; we can do it.

AN HON. MEMBER: What are they going to do with it when they get it?

MR. CROSBIE: What are we going to do with it? We are going to turn the lights on in Quebec with it. That is where the power is sold.

Now, Mr. Chairman, -

AN HON. MEMBER: He is going to turn on his Christmas tree lights with it.

MR. CHAIRMAN (Dunphy): Order please!

MR. CROSBIE: I expect, Mr. Chairman, this opposition will say: "We stand for it square with the government." They may say; "Oh well, we think they should have paid \$140 million, \$150 million or \$155 million or something like that. That is fair enough but I do not think we are going to hear them get up and say: "This is going to affect your credit and this is going to stop water and sewerage, road paving and hospitals." I am sure they will not say that, Mr. Chairman; they are too statesmenlike.

In the event that they do say that, what is the answer? Well, the answer is, Mr. Chairman, that there is not a word of truth in what they are suggesting. We have brought down a budget this year under which we are borrowing a very considerable amount of money to do water and sewerage projects, to do roads and highways, schools and hospitals.

AN HON. MEMBER: Where?

MR. CROSBIE: Where? The honourable gentleman asks where?

AN HON. MEMBER: Not in my district.

MR. CROSBIE: Not in the honourable member's district? Well, the district must have an unfortunate member.

AN HON. MEMBER: It is the worst year in Newfoundland's history.

MR. CROSBIE: It is not the worst year in Newfoundland's history. There are water and sewerage jobs going on all over the island, paving and the rest of it. We are borrowing this year, I think, Mr. Chairman, one hundred and sixty-odd million dollars for our own purposes in government. This transaction is not affecting our ability to borrow for other purposes, because, Mr. Chairman, this is a loan guaranteed by the government to buy an asset that is going to return something to Newfoundland and give it back a monetary return and also give it back control over our own resources and our own destiny.

Our financial advisers have told us that the way this is being executed and carried out, the result of it is being very favourably received. This take-over, Mr. Chairman, is not going to cause us any greater difficulty in raising money

AN HON. MEMBER: Eddie.

MR. CROSBIE: Eddie who?

MR. NEARY: Eddie De Rothschild -

MR. CROSBIE: I saw Eddie's remarks and they were inoffensive and patently believable. Rothschilds were asked, a year ago I believe, a question about whether Newfoundland could raise \$70 million and they said then that we could not. Do not mention Rothschilds. We have fiscal agents who have no problem raising money for us because this government have a good reputation on the financial markets. It has been businesslike in getting the best value for a dollar. This deal has been well accepted by the financial markets.

Everybody this year, Mr. Chairman, is going to pay a considerable amount for money. The Government of Canada just had a bond issue at nine and a-half per cent. Unheard of! Who would ever have thought the Government of Canada would have a bond issue, long-term money, at nine and a-half per cent? Quebec just had an issue in the United States, fifty-five million, and their interest rate was nine and seven-eighths per cent, and they are selling at a discount to yield 10.04 per cent. Quebec!

MR. ROBERTS: Is that eleven and a-half per cent for us?

MR. CROSBIE: No. If we borrow there we shall probably be about a-half over that. It will probably cost us about ten and a-half per cent. This is a period of very high and expensive money, that is only going to be cured when our federal government and other national governments decide to control the money supply and bring inflation under control.

MR. ROBERTS: Now the honourable minister is sounding like Réal Caouette.

MR. CROSBIE: Well, Mr. Chairman, the only thing about Réal Caouette he wants to print his own money. I just wish that I had the mint down here; we should have no problems in this government.

Where are we now? Does anyone else want to speak today?

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: I wish I were in my best form because I am very enthusiastic about this, Mr. Chairman; but my neck is killing me and my shoulder is gone.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: I am depressed.

AN HON. MEMBER: No wonder the honourable minister is down -

MR. CROSBIE: Leave me alone boy, I am sick! I do not have the spirit!

So, Mr. Chairman, I think that I shall conclude now. I cannot get fired up today. Everytime I look at the Member for Bell Island I get an awful nauseous feeling.

To conclude, Mr. Chairman, the result of the Loan Bill and the other bills that are before the committee is that this province, represented by its government, gets control over its hydro resources in Labrador. It gets control of fifty-four per cent of CFLCo. Quebec Hydro has thirty-four per cent of the Churchill Falls Company. We will receive whatever income is generated by the Churchill Falls Company.

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: Yes. They have thirty-four per cent and we will have sixty-six.

AN HON. MEMBER: Two-thirds.

MR. CROSBIE: Two-thirds. Right on! Two-thirds of the income. That

income will be quite appreciable and it is very likely it will increase in future years. The company has possibilities for increasing its revenue not yet developed.

AN HON. MEMBER: What is the revenue of the company?

MR. CROSBIE: I think it was \$16 million last year.

AN HON. MEMBER: \$19 million.

MR. CROSBIE: \$19 million. Was it \$19 million? That was the income.

AN HON. MEMBER: After - ?

MR. CROSBIE: I do not know. I will have to look it up, as it is after something.

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: He means is it after. They are not paying any taxes yet so it is not after taxes.

AN HON. MEMBER: The honourable minister is poorly prepared.

MR. CROSBIE: I have all kinds of information. Poorly prepared? I am giving honourable members the background of it now. The honourable Minister of Mines and energy will give a lot more as will the Premier.

SOME HON. MEMBERS: (Inaudible)

MR. CHAIRMAN (Stagg): Order please! Order please!

MR. THOMS: There would not even be a -

MR. CROSBIE: So we are acquiring an asset, Mr. Chairman, and will have substantial income that will return substantial income to the province. We are acquiring hydro sites that developed by the province in the next few years at Gull Island and Muskrat Falls and in future years in other parts of Labrador they will bear a great return for this province. It makes possible the carrying out of the work revealed by the Zinder-Teshmont studies. The Minister of Mines and Energy will expand on that.

If honourable members opposite will persuade their friends in the federal government to get on with it before July 8, before they are out of office, get on and give us approval to go ahead with the transmission line this year, we will have power coming from Gull Island by 1979.

AN HON. MEMBER: Who is going to be the customer?

MR. CROSBIE: Who is going to be the customer? I am going to be a customer, the honourable member will be a customer, all of the

industry in Newfoundland will be a customer and there will be a dozen new industries that will be customers here. What is surplus to our requirements in 1980 can be sold to Quebec Hydro for three, four or five years and then brought back.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: Yes! Yes! Yes we can do that but the federal -

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: But the federal government agree to finance. Where were the customers when Manitoba did their development and entered into the agreement on the Kettle River with the federal government five or six years ago? Where were all the customers then? They have no trouble selling the power now. Does the honourable member think that if we have available on this island 1,450 megawatts of power in 1980 that we will not have customers for that power? Our problem is going to be not having enough power for the customers who want it.

AN HON. MEMBER: (Inaudible)

MR. CHAIRMAN (Stagg): Order please!

MR. CROSBIE: Mr. Chairman, it is a question of the chicken and the egg. You know the little fellow who is worrying over there today, the little fellow from Bell Island is in a chicken and an egg situation. There are some people who will say to us, Mr. Chairman; "Where are the customers?" How can one get customers until one gets the power? Are we going to be put in a position where we have to give power away for next to nothing to get customers so that we can say that we now have customers and have to have the power? We do not need to be put in that position. We have customers now that we can use now; one-third I think it is, Mr. Chairman, of the power immediately in 1979.

MR. NEARY: Where? Where?

MR. CROSBIE: On the island. To meet our load growth on the island now. Just listen; one-third we can use now.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: Just let me try to explain. One-third we can use in 1979 if things just keep going as they are on the Island of Newfoundland.

and we forget anything new at all, we just go along as we are going with the normal load growth one-third of it. The honourable gentleman asks; "Where are the customers"? I will say now in this committee, Mr. Chairman, that all that power will be used in Newfoundland by 1982 or 1983. The customers are going to come where the power is. Where are they going to get power elsewhere in the world that does not cost very much in excess of eleven or twelve mils? They are going to come to Newfoundland. They may come to Labrador. They would come to Labrador too if climatic conditions and the rest of it permit them. The only thing that militates against Labrador now is climate, the ice, weather conditions. They shall come to Newfoundland and Labrador if we have the power. Do not worry about the customers, get the power here.

As soon as the industries of the world know that Newfoundland has available power in 1979 or 1980 we will sell the power and we will not have to sell it cheap to aluminum companies. We should not be put in a position where we are forced to sell it cheap to aluminum companies. As long as one has the energy, one will sell the power.

MR. NEARY: What is the honourable minister talking about?

MR. CROSBIE: I am talking about 1,450 megawatts.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: Oh well!

MR. CHAIRMAN (Stagg): Order please! Order please!

MR. CROSBIE: Mr. Chairman, have you ever seen the honourable Member for Bell Island so timorous before? Such a wee timid beastie? Is that not how Robert Burns poem went? "The mouse, that little wee timid beastie." Why when he was in the government he was over here as a veritable raging lion. Worry about Newfoundland's credit? Never. He never worried about our credit. He never worried about customers. Did he ever before in this House pipe up and say: "Where are we going to find a customer for this that and the other?" He did not worry about customers for the steel mill. "No, the steel mill should never have been shut down." The fact that it had no customers did not matter. The honourable gentleman did not worry about customers for the steel

mill, he did not worry about customers for the mushrooms. He went right ahead with the mushrooms and did not care about the customers. Now just because we want to bring Gull Island power to Newfoundland, he worries about customers. Have you ever seen him in such shape? What has happened to him in the last two weeks? His venturesome, crusading spirit is gone. The man has gone grey with worry about the customers.

Do not worry about the customers. Do not worry about our credit.

MR. NEARY: (Inaudible)

MR. CROSBIE: Mr. Chairman, I have never been able to understand the Member for Bell Island because I never took biology. I was only an art student. I never got in to dissect all those things. I am worried, genuinely worried about the Member for Bell Island. I thought he was bold and venturesome and full of big vision. This is one of the biggest visioned things ever done in Newfoundland. This is something that if Mr. Smallwood had thought of it and done, could one not hear him in this House today; "The massive gamble! Gamble! We have to gamble for the life of this province! Gamble!"

MR. NEARY: Make or break.

MR. CROSBIE: This is what we are doing. Make or break only there has been a lot of study preceding it. This was not done hastily, Mr. Chairman. It was not cooked up over night. The Premier did not go to sleep one night and have a brain wave while he was sleeping. The Premier did not cook this all up one night.

SOME HON. MEMBERS: (Inaudible)

MR. CROSBIE: The Premier had this study done and he had that study done. I have explained the whole background to it. It is logical. It follows on logically, reasonably, feasibly the whole thing. Now if the House approve this transaction, on June 27 we become the owners of CFLCo. We move on the Lower Churchill and Gull Island and the whole thing will fall into shape. As our second term concludes in 1980, the Premier will throw the switch and the Member for Bell Island will be in the chair. He can be the occupant.



Mr. Chairman, I am sorry I am not at my best today but my honourable colleagues and the Premier are going to give a lot further detail. I just want to say that I am happy to be able to move this motion and to support this bill. I think this is a move very much in the interest of the People of Newfoundland and this province. There are lots of pitfalls yet, lots of work to be done. This is a tremendous start and I am very proud to be associated with it.

SOME HON. MEMBERS: Hear! Hear!

On motion that the committee rise report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

Mr. Speaker, the Committee of the Whole have considered the matters to them referred and have directed me to report having made progress and ask leave to sit again.

On motion report received and adopted.

HON. T.A.HICKMAN (Minister of Justice): Mr. Speaker, with leave of the House I give notice that I will on tomorrow ask leave to introduce a bill; "An Act To Amend The Newfoundland Registered Nurses' Act."

MR. SPEAKER: I assume that the honourable minister had leave to give his notice of motion.

MR. W.N.ROWE: He did not ask leave but do not mind him.

On motion that the House at its rising do stand adjourned until tomorrow Friday June 7, 1974 at 3:00 p.m., Mr. Speaker left the Chair.

I N D E X

ANSWERS TO QUESTIONS

TABLED

JUNE 6, 1974.

3.—MR. THOMAS (Bonaville North)—To ask the Honourable the Minister of Forestry and Agriculture to lay upon the Table of the House the following information:

(1) Is there an intra-Departmental newsletter published by or in behalf of his Department?

(2) If so,

(a) what is its frequency of publication?

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(b) It is printed?

(i) by the Government within his Department,

(ii) by the Printing Services Division of the Department of Public Works and Services, or

(iii) by a private firm and, if the latter, what is the name of of this firm?

(c) During the fiscal year which began April 1, 1973 and as of a current date, what is the total cost incurred to date for

(i) preparation and production work,

(ii) printing work, and

(iii) distribution costs if other than through the general mailing services of the Government in respect of this publication?

(1) No. The Department is involved, however, in the publication of a News Bulletin. This Bulletin goes to all Departmental staff, Members of the House of Assembly, and interested industries. The purpose of the News Bulletin is to inform these people of programs, policies and activities within the Department.

(2) (a) The News Bulletin is designed to be published on a bi-weekly basis. However, there was no publication between February 27 and May 6, 1974, because of problems encountered in producing an effective economical bulletin.

(b) The Bulletin is printed by the Printing Services Division of the Department of Public Works and Services.

(c) (i) The cost of preparation and production is unknown as this work is completed by the staff in addition to their other responsibilities.

(ii) The printing costs of the Bulletin could best be acquired by contacting the Printing Services Division of the Department of Public Works and Services.

(iii) The Bulletin is distributed through the General Mailing Services of the Government. The addressing of the bulletin is performed by existing staff.

The following information is supplied by the Honourable Minister of Industrial Development in reply to Question # 47 asked by Mr. William Rowe (White Bay South) as appearing on the Order Paper of Thursday June 6<sup>th</sup> -

Q Mr. William Rowe (White Bay South): To ask the Minister of Industrial Development to lay upon the Table of the House the following information:

For the fiscal year which began April 1, 1973 and as of a current date, what is the number of applications for financial assistance in respect of which financial assistance was offered by the Newfoundland and Labrador Development Corporation for each Electoral District and showing also for each Electoral District the value of financial assistance so offered the persons and companies making the aforementioned applications?

A The following information is provided:

<u>District</u>	<u>Amount of Loan</u>	<u>Equity</u>
<u>Bonavista North</u> 2	\$ 625,000	\$ 35,000
<u>Bonavista South</u> 2	30,000	15,000
<u>Carbonear</u> 1	90,000	-
<u>Fortune Bay</u> 1	30,000	-
<u>Gander</u> 2	300,000	65,000
<u>Green Bay</u> 5	1,138,000	70,000
<u>Harbour Grace</u> 2	250,000	60,000
<u>Harbour Main</u> 1	10,000	-

<u>District</u>	<u>Amount of Loan</u>	<u>Equity</u>
<u>Hermitage</u>		
1	\$ 420,000	\$ 69,000
<u>Humber East</u>		
2	250,000	60,000
<u>Humber West</u>		
5	546,000	67,000
<u>Lewisporte</u>		
1	30,000	-
<u>Port De Grave</u>		
1	38,800	-
<u>St. Barbe South</u>		
1	165,000	-
<u>St. George's</u>		
2	167,000	-
<u>St. John's</u>		
11	1,399,000	87,000
<u>Trinity North</u>		
2	100,000	-
<u>Trinity South</u>		
5	301,000	-
<u>Twillingate</u>		
1	15,000	-
<u>White Bay North</u>		
1	169,000	-
<u>White Bay South</u>		
1	200,000	-

June 6/74  
#90

LETTER OF INTENT

BETWEEN:

GOVERNMENT OF THE PROVINCE OF NEWFOUNDLAND

- and -

BURGEO FISH INDUSTRIES LIMITED

- and -

COASTAL REALTIES LIMITED

- and -

NATLAKE LIMITED

- and -

BURGEO LEASING LIMITED

- and -

NATIONAL SEA PRODUCTS LIMITED

The following is intended as an outline of the arrangements between the parties respecting the management of the existing fish processing plant at Burgeo and the construction, management and operation of a new fish processing plant in that town. There are points of detail yet to be resolved and the whole arrangement is subject to the preparation of formal documents. The parties are agreed, however, on the principal points as outlined in this letter.

ARTICLE I

DEFINITIONS

1.01 In this letter:

- (a) "BLL" means Burgeo Leasing Limited, a body corporate having its head office in Burgeo, Newfoundland;
- (b) "BLL/National Lease" means that Lease dated August 23, 1969, and registered in the Registry of Deeds for the Province of Newfoundland at Volume 1057, Folios 124-142 on October 20th, 1969, between BLL, as landlord and National, as tenant providing for the lease of land and a herring reduction plant at Burgeo, by the landlord to the tenant;
- (c) "Coastal" means Coastal Realities Limited, a body corporate having its head office in St. John's, Newfoundland;
- (d) "Dree" means Department of Regional Economic Expansion of the Government of Canada;
- (e) "Dree Application" means the application referred to in Article VI;

- (f) "Effective Date" means a date at any time within sixty days following the completion of construction of the New Plant to be agreed on by the parties;
- (g) "First Management Agreement" means that Management Agreement between Government, Natlake, National, Fish Co. and Coastal referred to in Article II;
- (h) "Fish Co." means Burgeo Fish Industries Limited, a body corporate having its head office at St. John's, Newfoundland;
- (i) "Government" means Her Majesty the Queen in right of the Province of Newfoundland represented herein by the Minister of Industrial Development;
- (j) "Government's Interest Cost" means the interest rate on Bonds issued by the Government for sale in Canada;
- (k) "National" means National Sea Products Limited, a body corporate having its head office at Halifax, Nova Scotia;
- (l) "Natlake" means Natlake Limited, a body corporate having its head office at Burgeo, Newfoundland;



(m) "New Plant" means a fish processing plant to be constructed by BLL on its land at Burgeo, consisting of the improvements to land and equipment listed on Schedule A hereto annexed;

(n) "New Plant Capital Cost" means the capital cost of constructing the New Plant calculated in accordance with generally accepted accounting practice and includes

(i) all amounts paid to National under the provisions of Article V,

(ii) all interest on advances made to BLL during construction, and

*W.F.*  
(iii) all realty taxes paid <sup>during</sup> ~~for the~~ construction;

(o) "New Plant Opening Date" means the first date on <sup>which</sup> ~~the~~ commercial production commences in the New Plant on a regular basis;

(p) "Office Building" means that office building and related land situate in Burgeo owned and operated on the date hereof by Coastal;

(g) "Old Plant" means that fish plant consisting of land, buildings, wharf and equipment situate at Burgeo and owned and operated on the date hereof by Fish Co.;

(r) "Residences" means those five residential buildings and related land at or near Burgeo owned on the date hereof by Fish Co.;

(s) "Second Management Agreement" means that Management Agreement between Government, Natlake, National, BLL, Fish Co. and Coastal referred to in Article VIII;

(t) "Supermarket" means that supermarket and related land at Burgeo, owned and operated on the date hereof by Fish Co.;

(u) "Trawlers" means the following five Trawlers owned on the date hereof by Fish Co.:

M.V. Burhound

M.V. Burhawk

M.V. Burfish

M.V. Gulf Gerd

M.V. Ross Lion.

ARTICLE II

FIRST MANAGEMENT AGREEMENT

2.01. Forthwith upon the execution of this Letter of Intent the parties thereto shall execute and deliver to each other the First Management Agreement in the form attached hereto as Schedule B.

2.02. Natlake and National, or Government may at any time on or prior to December 31, 1974, terminate the First Management Agreement on three months' notice in writing if any of the following conditions is not fulfilled within the time limited for its performance:

- (a) that the obligations of Government under the First Management Agreement and the Agreements referred to in subparagraph (b) of this Article 2.02 are not ratified by the Legislature of the Province of Newfoundland by May 31, 1974;
- (b) that the several Agreements to be entered into by the parties hereto pursuant to this Letter of Intent have not been entered into by March 15, 1974;
- (c) that Dree has not agreed by February 15, 1974, to make a grant to BLI pursuant to the Dree Application in an amount satisfactory to Government

and National; provided that Dree's failure to agree is not based on an act or a failure to act by National or Natlake.

2.03 If Natlake and National or Government terminate the First Management Agreement pursuant to the provisions of this Article 2.02, then in place of the minimum management fee to which Natlake is entitled thereunder Natlake shall be entitled to receive instead a minimum management fee of Two hundred and five dollars (\$205.00) for every day elapsed from the date of commencement of the First Management Agreement to the date of its termination together with all other moneys then due to Natlake by Fish Co., Coastal and Government.

ARTICLE III

BURGEO LEASING LIMITED

3.01 BLL represents that on the date of this Letter of Intent:

- (a) the balance sheet of BLL dated as at August 31, 1973, attached hereto as Schedule C presents fairly the assets and liabilities of BLL at its date;
- (b) the BLL/National Lease is in good standing and is in full force and effect;
- (c) on the date of this Letter of Intent the authorized and issued share capital of BLL is as follows:

<u>Authorized</u>	<u>Issued</u>
350 Class A Non-Voting Common Shares of \$10.00 each	\$ 3,500
150 Class B Voting Common Shares	1,500
350 6% Voting Preference Shares of \$.10 each	35
620,000 6% Non-Voting Non-Cumulative Preference Shares of \$1.00 each	420,000
	<u>\$425,035</u>

(d) the long term debt of BLL shown on the aforesaid balance sheet as One million, five hundred fifty-three thousand, eight hundred and forty-seven dollars (\$1,553,847.00) includes One million dollars (\$1,000,000.00) due to The Royal Bank of Canada which is secured by a first mortgage on BLL's property in Burgeo;

(e) on August 31, 1973, the following amounts were and are now due to National and were, on August 31, 1973, included in the following balance sheet items:

Notes Payable - affiliated company	\$200,000
Long Term Debt	<u>200,000</u>
Total	<u>\$400,000</u>

(f) the fiscal year of BLL ends on August 31 in each year.

3.02 BLL, National and Natlake warrant or undertake, as the case may be, as follows:

(a) between August 31, 1973, and the Effective Date the books and accounts of BLL will be maintained in accordance with good accounting practice;

(b) there has been no material adverse change in the financial position of BLL between August 31, 1973, and the date hereof;

(c) on or before the date that the Shareholders' Agreement referred to in Article IV is executed the authorized and issued share capital of BLL will be as follows:

<u>Authorized</u>	<u>Issued</u>
10,000 Common Shares of no par value	5,000 shares to National
1,375,000 6% Non-Voting Non-Cumulative Preference Shares of \$1.00 each	\$420,000 to National

(d) BLL will pay out of the rentals received by it under the BLL/National Lease during the period between August 31, 1973, and the Effective Date all interest on and Four hundred and fifty thousand dollars (\$450,000.00) in reduction of its mortgage loan due to The Royal Bank of Canada;

(e) between August 31, 1973, and the Effective Date BLL will maintain the BLL/National Lease in good standing and that BLL will collect from National all amounts due in

rent under the BLL/National Lease  
except the payments of Two hundred  
and fifty thousand dollars (\$250,000.00)  
and Three hundred thousand dollars  
(\$300,000.00) due respectively in the  
years 1976 and 1977 and the BLL/  
National Lease shall be amended to  
reduce the rent payable thereunder  
by these amounts;

(f) National will advance to BLL by way  
of loan Two hundred and fifty thousand  
dollars (\$250,000.00) on the date that  
the said sum would otherwise have  
become due under BLL/National Lease  
and Three hundred thousand dollars  
(\$300,000.00) on or before the  
Effective Date;

(g) the BLL/National Lease will be ter-  
minated on the Effective Date without  
liability to BLL;

(h) the mortgage in favour of The Royal  
Bank of Canada referred to in Article  
3.01(d) will be released on or before  
the Effective Date.

3.03 Government acknowledges that it has received  
from National a copy of the BLL/National Lease.



ARTICLE IV

SHAREHOLDERS' AGREEMENT

4.01 Government and National shall enter into an Agreement relating to their shareholdings in BLL and the operation of BLL. Such Shareholders' Agreement shall include the following provisions:

(a) Government will subscribe for the following shares in the capital stock of BLL:

(i) 5,000 common shares without nominal or par value for the aggregate subscription price of Five hundred and fifty-seven thousand dollars (\$557,000.00) to be paid on the New Plant Opening Date,

(ii) 420,000 6% Non-Voting, Non-Cumulative Preference Shares of One dollar (\$1.00) each for the aggregate subscription price of Four hundred and twenty thousand dollars (\$420,000.00) to be paid on the New Plant Opening Date,

(iii) 535,000 6% Non-Voting, Non-Cumulative Preference Shares of One dollar (\$1.00) each for the aggregate subscription price of Five hundred and thirty-five thousand dollars (\$535,000.00) to be paid following March 31, 1974, as required by BLL to pay for the first Five hundred and thirty-five thousand dollars (\$535,000.00) of the New Plant Capital Cost;

(b) BLL shall have six directors. Three shall be nominees of Government and three shall be nominees of National;

- (c) the Chairman at all meetings of directors and shareholders shall have one vote only and shall not have a casting vote;
- (d) the Company shall not without the consent of both shareholders:
  - (i) change its authorized capital,
  - (ii) issue any shares in its capital stock other than those provided for in this Agreement,
  - (iii) change its Articles of Association or pass any special resolutions,
  - (iv) borrow any money,
  - (v) pay any dividend,
  - (vi) make loans, advances or other investment of funds,
  - (vii) repay any shareholder's loans except the BLL Bonds referred to in Article VI,
  - (viii) enter into any contract for the construction of the New plant;
- (e) each of National and Government shall file with the secretary of BLL a certificate authorizing one of its nominee directors to consent from time to time on its behalf to any matter specified in this Article 4.01(d) above;

(f) the fiscal year of BLL shall end August 31.

4.02 The Shareholders' Agreement shall also provide for the following options:

(a) Government will grant to National an exclusive and irrevocable option exercisable at any time within five years following the Effective Date to purchase all of its common shares in BLL. The purchase price for such shares shall be the Adjusted Net Book Value thereof as herein defined;

(b) the Adjusted Net Book Value referred to in the immediately preceding paragraph (a) shall be calculated by the auditors of BLL and means the net book value of the common shares in BLL at the end of BLL's fiscal year immediately preceding the date of the exercise of the option by National adjusted to reflect the following:

(i) if the amount of the Dree grant referred to in Article VI is included in shareholders equity, then such amount shall be subtracted from the net book value,

- (ii) all fixed assets owned by BLL at the end of the fiscal year in which the New Plant Opening Date occurs (other than the Trawlers) shall be valued at their book values as of such date and annual rates of depreciation shall be applied thereto equal to the maximum rates of capital cost allowance provided for in the regulations made under the Income Tax Act of Canada in respect of assets of such class but for this purpose none of such assets shall be considered as qualifying for the rates of capital cost allowance provided for in Class 20 or 21 of Regulation 1100,
- (iii) the Trawlers owned by BLL at the end of the fiscal year in which the New Plant Opening Date occurs shall be valued at cost to BLL, with an annual rate of depreciation of 25% on a diminishing balance basis to be applied thereto, one twelfth of such annual rate to be applied monthly commencing on the first day of the month in which the Trawlers are purchased by BLL,

- (iv) any fixed assets acquired after the date when the New Plant Opening Date occurs shall be valued at cost less depreciation at the maximum rates of capital cost allowance permitted under the Income Tax Act of Canada and the regulations made thereunder,
  - (v) the net book value shall be reduced by 15% of BLL's retained earnings at the end of the fiscal year of BLL immediately preceding the date on which National exercises its option thereunder;
- (c) if National does not exercise its option to purchase the shares of BLL within five years of the Effective Date, then Government shall have the right for one year thereafter to purchase National's common shares for their Adjusted Net Book Value calculated as set out in this Article 4.02;
- (d) if either National or Government purchases the common shares of the other pursuant to this Article 4.02 such purchaser shall, at its option on or prior to the date that it acquires the shares of the other,

- (i) cause the preference shares of  
BLL held by such other to be  
redeemed, or
  - (ii) cause such preference shares to  
be converted into debt as here-  
inafter provided;
- (e) if the purchaser referred to in the immedi-  
ately preceding paragraph (d) does not cause  
BLL to redeem the vendors preference shares,  
then such vendor shall have the right to  
require BLL to issue its First Mortgage  
Bonds, Series D in exchange for such prefer-  
ence shares. Such Series D Bonds shall  
rank pari passu with the BLL Bonds of  
Series A, B and C referred to in Article  
VI and shall have the following character-  
istics and attributes:
- (i) the aggregate principal amount  
shall be equal to the aggregate  
par value of the vendor's prefer-  
ence shares,
  - (ii) the rate of interest shall be  
Government's Interest Cost as  
of the date of exercise of the  
purchaser's option,

- (iii) the date of maturity shall coincide with the date of maturity of BLL's Series B and Series C Bonds, and
- (iv) annual sinking fund payments shall in each year (except at maturity) be proportionate to the sinking fund payments provided for the Series B Bonds and the Series C Bonds.

4.03 The Shareholders' Agreement shall provide that Government and National shall not divest themselves of any of the common shares of BLL during the period that any of the options conferred by this Article remain unexercised.

ARTICLE V

DESIGN AND CONSTRUCTION OF NEW PLANT

5.01 National agrees to take responsibility for the preparation of the design, plans and specifications of the New Plant and will supervise and take responsibility for the construction and equipping of the New Plant.

5.02 BLL agrees to reimburse National in respect of those employees of National performing services pursuant to the provisions of this Article 5.01 at the per diem rates set out in Schedule D hereto annexed. BLL shall also reimburse National for all out-of-pocket expenses including, but not restricted to, travel expenses and fees of engineers, accountants, consultants, lawyers and other persons retained by National for the purpose of carrying out its responsibilities under the provisions of this Article V.

5.03 National shall proceed with the design and the preparation of the plans and specifications of the New Plant forthwith with a view to a construction start in the spring of 1974 and completion in the spring of 1976 or as soon thereafter as practicable.

5.04 Upon completion of such design, plans and specifications the same shall be submitted to Government for its approval.



5.05 Upon Government approving of the design, plans and specifications BLL as owner, shall, subject to the provisions of Article 4.01(d) (viii), enter into such contracts at such times as may be necessary to commence construction and equipping of the New Plant in the spring of 1974 and to complete the construction and equipping by the spring of 1976 or as soon thereafter as practicable.

ARTICLE VI

FINANCING OF CAPITAL COST OF CONSTRUCTION OF NEW PLANT

6.01 (a) Upon execution of this Letter of Intent BLL will make application to Dree for the maximum grant available under the Regional Development Incentives Act in respect of the construction and operation of the New Plant;

(b) Government acknowledges that in entering into this Letter of Intent BLL relies on Government's representation that it will use its best endeavours to ensure that such application is considered promptly and favourably by Dree.

6.02 The funds required by BLL to pay New Plant Capital Cost shall be provided from the following sources:

(a) the subscription price of those 535,000 6% Non-Voting Non-Cumulative Preference Shares in the capital stock of BLL subscribed for by Government under the provisions of Article 4.01(a)(iii);

(b) the Dree grant; and

(c) as to the balance by way of loan to be made by Government to BLL pursuant to the provisions of this Article VI.

6.03 The subscription price for the 535,000 6% Non-Voting Non-Cumulative Preference Shares in the capital stock of BLL subscribed for by Government pursuant to the provisions of Article 4.01(a)(iii) shall be applied by BLL against the New Plant Capital Cost or to reduce or retire loans with interest incurred by BLL for the purpose of paying the New Plant Capital Cost.

6.04 All amounts received by BLL in respect of the Dree grant shall be applied by BLL against the New Plant Capital Cost or to reduce or retire loans with interest incurred by BLL for the purpose of paying the New Plant Capital Cost.

6.05 During the period of construction of the New Plant Government will advance to BLL from time to time by way of loan at an interest rate equal to the Government's Interest Cost at the time or times of such advances all of BLL's cash requirements (which have not been met out of cash from sources designated in Article 6.03 or Article 6.04) in respect of the construction of the New Plant or alternatively will cause a chartered bank to advance to BLL by way of loan all such cash required or part one and part the other. To the extent that such moneys are loaned by BLL by a chartered bank Government will, if required, guarantee repayments of such loans. All interest charges whether paid by BLL to Government or paid to a chartered bank pursuant to this Article VI will be capitalized as part of the New Plant Capital Cost.

6.06 On the Effective Date,

- (a) the auditors of BLL will ascertain the New Plant Capital Cost;
- (b) Government will advance to BLL by way of loan sufficient money to repay in full all bank loans and other debts with interest incurred by BLL to pay for all or part of the New Plant Capital Cost and BLL shall immediately apply such moneys to retire such loans and debts with interest;
- (c) BLL will create its first mortgage bonds (BLL's Bonds) having the characteristics and attributes set out in Article 5.07.

6.07 BLL's Bonds will be issued initially in three series having the following characteristics and attributes:

- (a) Series A Bonds in the principal amount of Five hundred and fifty thousand dollars (\$550,000.00) maturing on the anniversary of the Effective Date in the year 1977. The principal amount of the Series A Bonds represent the indebtedness of BLL to The Royal Bank of Canada on the date hereof less those repayments provided for in

Article 3.02(d). On the Effective Date such indebtedness of Five hundred and fifty thousand dollars (\$550,000.00) will be owing by BLL to National as provided in Section 3.02(f). The Series A Bonds will be issued to National in consideration of the release by National of this receivable of Five hundred and fifty thousand dollars (\$550,000.00);

(b) Series B Bonds in the principal amount equal to the New Plant Capital Cost less

- (i) interest previously paid to Government on advances made by it pursuant to Article 6.05,
- (ii) all amounts received by BLL from Government in the form of the subscription price for 535,000 <sup>of</sup> Non-Voting Non-Cumulative Preference Shares, and
- (iii) all grants received by BLL from Dree up to and including the Effective Date.

The Series B Bonds will mature twenty years from the Effective Date;

- (c) Series C Bonds in the principal amount of Four hundred thousand dollars (\$400,000.00) representing the indebtedness of BLL to National on the date hereof as set out in Article 3.01(e). The Series C Bonds will mature twenty years from the Effective Date and will be issued to National in consideration of the release by National of this receivable of Four hundred thousand dollars (\$400,000.00);
- (d) subject to Article 6.08, Series B Bonds and Series C Bonds will rank pari passu but proportionately based on their respective principal amounts for sinking fund payments which will be made on the anniversary of the Effective Date in equal annual blended payments of principal and interest for a period of eighteen years commencing in the year 1978. Such sinking fund payments will be applied to redeem Series B Bonds and Series C Bonds at the principal amount thereof with interest;
- (e) all BLL Bonds will be dated on the Effective Date and will bear interest at Government's Interest Cost on the Effective Date;

(f) BLL's Bonds will constitute:

- (i) a first mortgage charge on all land on or about Tom Dick's Island, Burgeo owned by BLL and on all buildings and fixed plant and equipment situate thereon,
- (ii) a first mortgage charge on all other land and buildings now owned or hereafter acquired by BLL,
- (iii) a floating charge on all of the undertaking of BLL subject to the right of BLL to dispose of such property in the ordinary course of its business and to pledge the same to secure current borrowings.

6.08 Any grants made by Dree pursuant to the Dree Application following the Effective Date will be applied by BLL to redeem Series B Bonds.

ARTICLE VII

PURCHASE OF TRAWLERS, ACCOUNTS RECEIVABLE AND INVENTORY

7.01 On the New Plant Opening Date BLL shall purchase from Fish Co. and Fish Co. shall sell to BLL free and clear of all encumbrances the Trawlers and all of its accounts receivable and inventory used by it in the operation of its fish processing business at Burgeo.

7.02 (a) Fish Co. and BLL agree that the purchase prices of the respective Trawlers shall be as follows, but subject in each case to depreciation at an annual rate of 25% on a diminishing balance basis from January 1, 1974 computed monthly

<u>Trawler</u>	<u>Agreed Value</u>
M.V. Burhound	\$157,500
M.V. Burhawk	\$157,500
M.V. Burfish	\$157,500
M.V. Gulf Gerd	\$ 25,000
M.V. Ross Lion	\$ 2,500
Total	<u>\$500,000</u>

(b) upon the purchase of the Trawlers by BLL, Government will loan to BLL by way of separate trawler mortgages the full purchase price of each Trawler. Such mortgages shall carry a rate of interest equal to Government's Interest Cost on the New Plant Opening Date, shall be for a term of five years providing for equal annual blended payments of principal



and interest and shall be in such form as is agreed to by BLL and Government at the time that the several Agreements provided for in this Letter of Intent are executed;

(c) the purchase prices for the Trawlers shall be made in cash against delivery in Burgeo.

7.03 (a) The purchase prices to be paid by BLL to Fish Co. for the accounts receivable and the inventory shall be determined by BLL and Fish Co. or failing agreement, by the auditors of BLL as of the New Plant Opening Date on the following basis:

(i) the purchase price of the accounts receivable shall be the book value thereof less a reasonable allowance for bad and doubtful debts, and

(ii) the purchase price of the inventory shall be the lower of cost and market;

(b) the purchase prices for the accounts receivable and the inventory shall be paid by BLL to Fish Co. in cash within ten days after the determination of such purchase prices as provided in this Article 7.03.

ARTICLE VIII

SECOND MANAGEMENT AGREEMENT

8.01 Within thirty days after all of the conditions referred to in Article II have been performed the parties hereto shall execute and deliver the Second Management Agreement.

8.02 The Second Management Agreement shall be in the same form mutatis mutandis as the First Management Agreement except:

- (a) the profits (as defined in the First Management Agreement) of the business of BLL shall be calculated without deducting any interest payable on the BLL Bonds of Series B;
- (b) the maximum fee payable in any year by BLL to Natlake shall be Two hundred and fifty thousand dollars (\$250,000.00);
- (c) the term of the Second Management Agreement shall commence on the New Plant Opening Date and end five years from the Effective Date; provided however that if within such period of time National does not exercise its option to purchase the common shares of BLL as herein provided, Government may extend the Second Management Agreement for an additional period or periods not exceeding in the aggregate one year;

(d) a separate fee of 40% of annual profits (as defined in the First Management Agreement) (with no minimum fee) shall be paid by Fish Co. to Natlake in respect of the management of the Old Plant, the Supermarket and the Residences;

(e) a separate fee of 40% of annual profits (as defined in the First Management Agreement) (with no minimum fee) shall be paid by Coastal to Natlake in respect of the management of the Office Building; and

(f) Natlake will have the authority to make capital expenditures to a limit of Twenty-five thousand dollars (\$25,000.00) per project without the approval of BLL.

ARTICLE IX

PURCHASE OF REALTY FROM FISH CO. AND COASTAL

9.01 (a) Fish Co. agrees to sell to BLL and  
BLL agrees to purchase from Fish Co.  
within five years from the Effective  
Date (the date of purchase being  
at the sole discretion of BLL) free  
and clear of all encumbrances all  
or any of the following properties:

(i) the Old Plant,

(ii) the Supermarket;

(iii) the Residences;

(b) Fish Co. and BLL agree that for the pur-  
pose of this Letter of Intent each of the  
properties referred to in Article 9.01  
has the value (the "Agreed Value") on the  
date hereof set opposite the name of each  
as follows:

<u>Property</u>	<u>Agreed Value</u>
Old Plant	\$450,000
Supermarket	\$ 45,000
Residences	\$ 60,000
Total	<u>\$555,000</u>

(c) the purchase price for each of the three properties referred to in Article 9.01 to be paid by BLL to Fish Co. shall be the Agreed Value less depreciation at

(i) in the case of the Old Plant and Supermarket, an annual rate of 15% on a diminishing balance basis taken on January 1 in each year commencing on January 1, 1974, until the date of purchase by BLL, and

(ii) in the case of the Residences, an annual rate of 10% on a diminishing balance basis taken from the Effective Date until the date of purchase by BLL;

(d) Fish Co. grants to BLL the exclusive and irrevocable option exercisable at any time within three months from the New Plant Opening Date to lease all or any of the properties referred to in this Article 9.01. Such lease shall be on a month to month basis at a monthly rent equal to one-twelfth of ten percent of the price at which BLL could purchase such property during such month pursuant to this Article 9.01. Such rent shall be a gross rent and Fish Co. shall pay all taxes, insurance and building maintenance costs.

- 9.02 (a) Coastal grants to BLL the exclusive and irrevocable option exercisable at any time within five years from the New Plant Opening Date to purchase the Office Building subject always to tenancies existing at the date of exercise of the option but otherwise free and clear of all encumbrances;
- (b) Coastal and BLL agree that for the purpose of this Letter of Intent that the Office Building has the value (the "Agreed Value") at date hereof of One hundred and fifty thousand dollars (\$150,000.00);
- (c) the purchase price for the Office Building to be paid by BLL to Coastal (if BLL should exercise its option herein provided) shall be the Agreed Value less capital cost allowance at the maximum rate permitted by the Income Tax Act of Canada and regulations made thereunder. Such depreciation shall be taken on January 1 in each year commencing on January 1, 1974, until the date of exercise of such option by BLL;

(d) Coastal also grants to BLL the exclusive and irrevocable option exercisable at any time within five years from the New Plant Opening Date to lease the Office Building subject always to tenancies existing within the Office Building at the date of exercise of such option. Such lease shall be on a month to month basis and the monthly rental shall be one-twelfth of ten percent of the price at which BLL could purchase the Office Building during such month pursuant to this Article 9.02. Such rent shall be a gross rent and Coastal shall pay all taxes and insurance and building maintenance costs.

9.03 Upon BLL purchasing the Old Plant, the Supermarket and the Residences or either of them or exercising its option to purchase the Office Building, Government will, at the option of BLL, make or cause to have made a first mortgage loan in a principal amount equal to the purchase price with interest at Government's Interest Cost at the time of purchase repayable in fifteen equal annual blended instalments of principal and interest.

ARTICLE X

LEGISLATIVE AND CORPORATE AUTHORITIES

10.01 Government covenants and agrees that it will promote and support as a Government measure and use its best endeavours to obtain passage of a Bill in the House of Assembly of the Province of Newfoundland at its first session in 1974 so as to give legislative sanction to all obligations imposed upon it by this Letter of Intent and following the enactment of such legislation, Government will deliver to National the opinion of the Deputy Minister of Justice that it has the authority, which it has properly exercised, to enter into the Agreements provided for in this Letter of Intent.

10.02 National covenants and agrees that it will deliver to Government the opinion of Stewart, MacKeen & Covert, Barristers and Solicitors of Halifax, that National and Natlake have the authority, which each has properly exercised, to enter into the Agreements provided for in this Letter of Intent.



ARTICLE XI

SIGNING

11.01 All parties have signed copies of this Letter of Intent confirming it as a general expression of their intent with respect to the management of the Old Plant and the design, construction, operation and management of the New Plant and other matters provided for herein.

DATED as of this \_\_\_\_\_ day of \_\_\_\_\_, 1974.

For and on behalf of HER  
MAJESTY IN RIGHT OF NEW-  
FOUNDLAND

By [Signature]

Minister of Industrial  
Development

BURGEO FISH INDUSTRIES LIMITED

By [Signature]

By [Signature]

COASTAL REALTIES LIMITED

By [Signature]

By [Signature]

NATLAXE LIMITED

By [Signature]

By \_\_\_\_\_

BURGEO LEASING LIMITED

By [Signature]

By \_\_\_\_\_

NATIONAL SEA PRODUCTS LIMITED

By [Signature]

By \_\_\_\_\_

The following information is supplied by the Honourable Minister of Industrial Development in reply to Question # 118 asked by Mr. William Rowe (White Bay South) as appearing on the Order Paper of *Jan 6/74*

Q 1. Since January 18, 1972 and as of a current date, have any assets of the Steel Mill at Octagon been sold?

A The following information is provided:

1. Yes

Q 2. If so, (a) were public tenders called for the sale of the assets referred to in (1) above, and (b) to whom and for what amounts of compensation were any such assets sold showing this information for each category of asset so sold and further indicating the quantity of each such category of asset so sold?

A The following information is provided:

(a) Yes

(b) (i) Machinery and equipment (including section of the Steel Mill Building referred to as Melt Bay and Concast Bay) was sold to Planet Steel Corporation for the sum of \$900,000.

(ii) The inventory of reinforcing bar existing at the time of close down (approximately 4,000 tons) were sold to Lundrigans Ltd. for the sum of \$578,718 in March 1973.

- (iii) The inventory of scrap metal existing at the time of close down (approximately 5,110 tons) was sold to National Metal Converters for \$33 per ton in May, 1973.

6915

The following information is supplied by the Honourable Minister of Industrial Development in reply to Question <sup>1120</sup> asked by Mr. William Rowe (White Bay South) as appearing on the Order Paper of *June 6<sup>th</sup>*

Q Mr. William Rowe (White Bay South): To ask the Minister of Industrial Development to lay upon the Table of the House the following information:

For his Department and for each Crown Corporate Agency, Board and Authority the funding for which is provided out of the Votes for his Department or for which he is otherwise responsible or accountable to this Honourable House, what is the value of sums expended for advertising in the publication formerly known as "The Newfoundland Express" during each of the following periods:

(a) January 18, 1972 to March 31, 1972 (b) April 1, 1972 to March 31, 1973 and (c) April 1, 1973 and as of a current date?

A The following information is provided:

- (a) No sums expended during the period January 18, 1972 to March 31, 1972
- (b) No sums expended during the period April 1, 1972 to March 31, 1973.

- A (c) During the period April 1, 1973 to the current date \$500 was expended for one full page (6 column x 14 in.) black and white Departmental ad in a special "Come-by-Chance Opening" supplement.

6917

The following information is supplied by the Honourable Minister of Industrial Development in reply to Question # <sup>124</sup> asked by Mr. William Rowe (White Bay South) as appearing on the Order Paper of *June 10<sup>E</sup> 1974*

Q Mr. William Rowe (White Bay South): To ask the Minister of Industrial Development to lay upon the Table of the House the following information:

For his Department and for each Crown Corporate Agency, Board and Authority the funding for which is provided out of the Votes for his Department or for which he is otherwise responsible or accountable to this Honourable House, what is the value of sums expended for advertising in the publication formerly known as "The Town Crier" magazine during each of the following periods: (a) January 18, 1972 to March 31, 1972 (b) April 1, 1972 to March 31, 1973 and (c) April 1, 1973 and as of current date?

A The following information is provided:

- (a) No sums expended during the period January 18, 1972 to March 31, 1972
- (b) No sums expended during the period April 1, 1972 to March 31, 1973
- (c) No sums expended during the period April 1, 1973 to the current date.